

*Income Tax Act*

**The Acting Speaker (Mr. Laniel):** There is no agreement.

**Mr. Noble:** Mr. Speaker, when this government took office three years ago there was a mood of excitement and curiosity in the country at large. I am sure none of us were immune to that mood. Post-centennial Canada was to witness an apparent turning of ways. The Liberal party had materialized a new leadership, a new style, a whole new government, or so it seemed. There were new phrases in the air, "participatory democracy", "the just society", "co-operative federalism", "the new politics". Well, these were not really new phrases, they had been in currency for some time. The difference was that they were being used as techniques on the political platform and that gave them an aura of newness and mystery. And, of course, we were all curious to see how those phrases would be turned into action. And here we are, three years later, debating an amendment on a bill on tax reform, a bill that grew out of a white paper that had fumbled and failed at participatory democracy; a bill that cannot be described as reform because it does not aspire to a just society, it merely covers up for a few years some of the more glaring injustices that now exist; a bill that is so difficult to read and so secretive in its intentions that it smells of the rankest of the old politics; and a bill that flies in the face of even the least generous concept of co-operative federalism.

Since other members will be addressing themselves to many different aspects of these issues, I will confine my remarks tonight to the problem of federal-provincial relations. I do not mean to imply, of course, that these are separate issues; they all hang together as a cloak of this government's arrogance. But for the sake of emphasis I would like to highlight certain aspects that are of particular importance to the provinces.

With its assault on the nation's economy over the past three years the government has not only aggravated the condition of the provincial economies but has seriously constricted the provinces' ability to solve their problems. Every time the federal government puts its leaden foot on the economy the provinces must pay the cost through increased welfare payments. It is indeed shocking, therefore, that this bill gives so little deference to the provinces and the dire economic straits into which the government has thrown them.

The need to co-ordinate federal tax policy with provincial and municipal taxes is becoming increasingly urgent. The rate of municipal and provincial expenditures combined is growing at a much faster pace than that of the federal government. It is no longer good enough to dismiss flippantly the discrepancy between provincial revenues and expenditures by saying that the provinces can simply raise their own taxes to make up the difference.

In the first place, if this government is truly concerned with a more rational and just system of taxation, it must face the fact that all these taxes are ultimately coming from the same taxpayers. Second, apart from income tax, provincial revenue tends to come from far more regressive sources. Increasing sales and property taxes are extremely hard on those low-income groups the federal government is so piously pretending to help. Third, every time the government amends the federal structure of taxation, provincial revenues are immediately affected. It only makes good sense economically and politically to

consult and co-operate with the provinces on the issue of taxation.

Why, then, has this government failed to do so? Perhaps the federal government does not mind having the provincial governments driven to the point of exasperation where they will have to set up their own independent tax systems. It would be a good election issue for the Liberal party which sees itself as the only vehicle of national unity. After allowing balkanization to take place as a result of its own callous neglect, it could argue to the Canadian electorate that it will put these provincial governments in their place. The former Premier of Ontario, John Robarts, has charged that the new legislation on tax reform shows no regard for the position of the provinces and municipalities in the total tax picture. He has called for a fully integrated and co-ordinated package of tax reforms and social security reforms.

Such a program would take time and care to accomplish. And it will take courage, not because the provinces are unwilling to negotiate but because the Minister of Finance (Mr. Benson) will have to reverse his position of stubborn pride in his past accomplishments. We in the opposition hope to give him every opportunity to adopt a more open-minded attitude. As the Leader of the Opposition (Mr. Stanfield) pointed out on September 14, the fiasco of the white paper originated in the peculiar stubbornness of the Minister of Finance.

**The Acting Speaker (Mr. Laniel):** Is the minister rising on a point of order?

**Mr. Drury:** Mr. Speaker, I have listened with a great deal of interest to the matter of federal-provincial problems. Since some of us will not be able to be here tomorrow I wonder whether we might have unanimous consent to allow the hon. gentleman to cut the last page off his speech and continue.

**Mr. Knowles (Winnipeg North Centre):** Mr. Speaker, on the same point of order may I point out that we will not be on this subject tomorrow, so the minister can come back in two or three days from now and hear the remainder of this speech.

**Mr. Bell:** Mr. Speaker, I should like to point that out even though there might be a speech made from copious notes tonight, none of it matches the speech the parliamentary secretary made the other night. It was the worst garbage that has ever been brought in here.

**The Acting Speaker (Mr. Laniel):** Order, please.

**Mr. Dinsdale:** It was all carefully written out, too.

**Mr. Francis:** May we continue for a few minutes?

**Some hon. Members:** No.

**The Acting Speaker (Mr. Laniel):** There does not seem to be agreement.