

Taxation Reform

Obviously, any tax system has to raise revenue for public purposes. This is one of the purposes of taxation. But the proposed tax system ignores much of the revenue potential in our society. It still provides special advantages for the mining and oil industries and does not deal adequately with things like surplus profit. For instance, nickel is in tremendous demand around the world but our tax system enables the producers to reap a speculative profit over and above the cost of production. If it were profit based on skill or intelligence, perhaps an argument could be made for entitlement; but it is a profit derived from the natural resources of this country, to which we are all heir. It is our heritage and we are entitled to see that the rewards of that heritage are equitably distributed.

The same is true of bank profits. It is the government's policy to ensure that interest rates remain high because in that way windfalls accrue to our financial institutions. True, we get some of it back in taxes. Their profit does not depend on skill or intelligence; it depends on the gratuitous granting of that right to them by the government of Canada. This tax system does very little to tax sources of income different from the traditional ones. On the contrary, the greatest burden of taxes will now fall on the middle-income group in this country. As was pointed out by the Carter Commission, this group is perhaps the most valuable in our society. It includes skilled tradesmen and many professional people whose entire income generally comes from salary and who do not have available to them the outlets available to those who are self-employed.

I suggest, Mr. Speaker, that unless this particular recommendation is changed, there will be dire consequences for this country because that group includes some of the most talented but also some of the most mobile of our people. I have spoken to many in the middle-income group who would be reluctant to leave Canada and would put up with a fair amount of abuse before doing so. However, if the tax burden becomes too great, they will leave the country. This is a very serious flaw in the proposal.

If we look at our tax system we have to ask how it contributes to a just society. After all, the words "just society" are on everyone's lips today. Any taxation system which garners taxes only on the basis of income receipts is unacceptable in a modern age. Our tax system ought to be changed and should include provision for permitting our people a

guaranteed annual income. We should have a negative income tax, or taxation on a demographic basis, as the hon. member for Winnipeg North Centre (Mr. Knowles) has said.

• (9:40 p.m.)

We must find ways of redistributing income through our taxation system and put money into the hands of those who do not have enough money to pay taxes. We must ask ourselves how a taxation system will help preserve us as a nation, as well as how it stimulates industry. To my way of thinking, nothing in these taxation proposals indicates the government has the slightest concern for the people of our country. Will these proposals permit us to establish those industries for which the country has a potential, or will we, because of the proposals, adhere to our colonial past as producers of raw materials?

It is obvious that these proposals will mean we will continue producing raw materials as we have been, because they favour the extractive industries. Also, despite the analysis by Carter showing how our relying on the production of raw materials will affect us, the proposed taxation system will continue bonusing the oil and mining industries, even when it has been shown that that is completely unjustifiable.

The Acting Speaker (Mr. Béchard): Order, please. I regret to interrupt the hon. member but his time has expired.

Mr. William Knowles (Norfolk-Haldimand): Mr. Speaker, I rise to take part in the debate on the proposals contained in the white paper. I propose to relate my remarks to a specific portion of the white paper, that portion dealing with the taxation of small businesses and farms. I do so because I feel that if I did not speak on behalf of those involved in this area, I would be remiss in my duty to those in my constituency who come within that category.

The economic backbone of the area I have the honour to represent is composed largely of incorporated farms and small businesses. Although we have major industries in the area, I think I can say with complete justification that the base of our economy lies in the small business. Small businessmen as a group will probably suffer more than others if the proposals contained in the white paper are implemented. I fear that if some of the injustices contained in the white paper are not drawn to the attention of the government, it is quite possible they will be incorporated in the legislation.