

Income Tax Act

committee of the whole Canada faces an economic crisis. It seems to me that taxation policy cannot be divorced or separated from the over-all economic position and problem which Canada faces. There has been extensive debate in the House about developments which have taken place; they have affected Canada seriously. We are all aware that the announcement made by President Nixon on August 15, as well as his second announcement made earlier this week regarding the new policy of the United States, shows that the United States is following a new road with respect to its economic policies. This will have very serious consequences and implications for Canada. Canada and the United States are close neighbours, geographically speaking, and we have also been very close in the economic sense. That situation has been brought about and intensified as a result of economic policies followed by the present government and governments in past years. They have allowed our economy to become integrated and tied in with the American economy.

It has been argued many times that this has been to Canada's benefit and that we need capital that has been brought in from the United States in order to provide the level of economic development and expansion we want in this country. At the same time, it must be noted in all honesty that there was a serious gap in Canadian policy because we failed to develop our own capability for savings which are so necessary for capital investment and development. We did not develop our own capacities for the development and expansion of our economy and we did not develop the types of policies which were needed in that regard.

Of course, there have been taxation features which have influenced and affected this course of development in our history. We now face a new situation and the assumptions underlying the government's economic policies over the past number of years have been shown to be false. The fact is that when it came to the crunch, the United States, as might be expected, acted in its own best interests; that is, it acted in its own interest on the basis of judgments made by those who hold political power in that country. They decided what is best for their country. We do not yet know the consequences and implications of that course for Canada. We have been left to thresh about in the dark. The Prime Minister has made statements saying that he does not think the United States is really aware of all the implications that its new policy developments hold for Canada.

It was really sad hearing the Prime Minister make statements like that about a new policy development arising in the United States, especially since it has been contended for a long time that there has always existed a close relationship between Canada and the United States in many fields. We now find, Mr. Chairman, that the government's assumptions concerning these economic policies were false.

In developing its economic policy over the past year or so at least, the government assumed, among other things, that there would be a significant upturn in the United States economy either late this year or early in 1972. It was assumed that this upturn in the United States economy would bring significant "slop over" benefits for Canada and that they had to be taken into account in determining economic policy in this country. That

assumption has been shown to be false and the premises on which the government developed its economic policies have been totally shattered.

The government is now threshing about wildly and is trying to find new economic policies for dealing with some of our immediate short-run problems, particularly in view of the upcoming election which probably will take place during the coming year, and for dealing with our long-term problems. It seeks to find a long-term policy for Canada that will be effective in terms of our economic development. The Canadian people have been left very much in the lurch. We have a serious unemployment problem and the government has been slow in coming up with new policies to deal with this situation.

I think it is very necessary to consider appropriate tax cuts if we are to stimulate the economy. I also think that we must focus afresh on and give new consideration to the concept of the Canada Development Corporation. It must be made into a significant instrument of public policy in order to bring about the type of development that will serve Canada's interests in the long run. The government does not seem to be able to tell us at present where it is going with its long-run economic policies and just what are its short-run economic policies. Taxation policy plays an important role in this picture, both with respect to long-run and short-run economic policies. The government has given no answers. We do not know what road it is following. I do not think the government itself knows.

At the same time, we in this House are expected to deal with a taxation bill which the government is parading as a brand new approach to taxation. It is being paraded as the culmination of the government's efforts to reform the income tax system in Canada. It is very difficult for hon. members to pass adequate judgment on the government's policy as demonstrated in the tax bill before us because there seems to be an absence, or vacuum with respect to other areas of economic policy.

I appreciate that this is a most difficult problem for the government. They must sit there and do the best they can because they are determined to complete consideration of the tax bill before the end of the year in order that they can parade this piece of legislation before the electorate when the people go to the polls in the next federal election. Of course, the government will try to make out that this legislation is a significant measure of tax reform for which all Canadians should be thankful and, in particular, for which they should thank the Liberal government. While I can appreciate that government members will do their best to paint such a picture, I think the facts show otherwise. While there has been a certain amount of tidying up—

• (5:10 p.m.)

The Deputy Chairman: Order, please. I regret having to interrupt the hon. member, but his time has expired.

Some hon. Members: Carry on.

The Deputy Chairman: Is there unanimous consent for the hon. member to continue?

Some hon. Members: Agreed.

Some hon. Members: No.