

*Income Tax Act and Related Acts*

few moments, there has been little real reform in any dramatic way. There has been a lot of tinkering in various places to make the Income Tax Act a more and more bulky piece of legislation which requires a great deal of investment of personal time for accountants and those dealing with tax law in order to provide accurate advice to clients. I do not doubt it has also made the life of people in the revenue Department more difficult rather than easier.

There has been a great deal of tinkering with the system in an attempt to improve it. If one looks at the over-all picture that results from this tinkering, there can be no doubt that the so-called reform on which the Minister of Finance (Mr. Wilson) has been working, particularly in the past year or so, is not an improvement in the Canadian tax system as far as fairness of taxation for Canadians in middle and lower income groups is concerned. It certainly brings the Government more revenue in certain areas, but it is not a move toward fairer taxation, particularly in the weeks, days conceivably, months at most, before an election campaign starts.

Fairness of taxation would surely be the most important concern a government would have in mind as it expects to be speaking to voters to ask for their support. I think that would be particularly the case for Conservatives who like to make a great deal about their sympathy for their constituents, for individuals, the family and so on. The brute facts that face us when we look at income tax and other tax changes which the Government has made since the fall of 1984, provides no basis for real confidence on the part of Conservative Members of Parliament or those who are candidates and would like to be elected to this House. There is no basis for confidence that they will get the support of most of their constituents.

Some of these changes may fly well on Bay Street and in similar areas where Canadian financial power is centred and where the wealthy of this country are most active, but outside of Bay Street and the country clubs of Canada, I would be certain that the changes the Government has made will not impress Canadians. It will give Canadians absolutely no reason to give up their general aversion, whatever may be true in the Province of Quebec and conceivably in Alberta. Conservatives do not understand the interests of ordinary Canadians, of families, and the result of electing Conservatives once every generation—perhaps a little more frequently than that—is to remind ourselves why we should not do that. Every once in a while those who like to change from the Liberals, when they become completely intolerable, to the Conservatives, rather than looking at those who are really concerned about their interests, are taught again that Conservatives do not understand the needs of ordinary Canadians.

In focusing these comments, I want to say that it is advisable not to get lost among the trees when dealing with the forest of taxation. It is the easiest thing in the world to be taken off into the minutiae of the system, which inevitably accountants and tax lawyers have to understand and which the revenue Department has to administer, but for us to get into

detailed consideration of some of those things can take us away from the large picture, which is, I think, what Canadians as individuals and their families want to see.

Something of the danger of this getting lost in the minutiae was true last night when we were debating a variety of amendments to Bill C-139 and when the Minister of State for Finance (Mr. Hockin) became involved in some responses to comments that I had made. He suggested that my argument for a reduction in the small business rate for real small businesses from 12 per cent to 10 per cent, not for all the so-called private corporations, including the Eaton's enterprise across the country, but for real small businesses, is somehow a terribly regressive step, something that might have some plausibility, but after all, progressivity of taxation has always been a matter of taxing in terms of the ability to pay.

Our assumption pretty well based in the realities of business activities is that small businesses are much less profitable as smaller incomes have a lesser ability to pay. Therefore, a small reduction in taxation from 12 per cent to 10 per cent for them is surely not an inappropriate proposal for a New Democrat to make when the brute reality of the corporate tax system is that the larger corporations use those credits, those who have the means to get involved in taking advantage of all the possibilities of investment credits—and I use that in the lower case “i” and “c” very definitely—the whole complex of encouragement that the Government offers through the tax system to corporate activity.

To argue that small businesses should have a slight reduction in taxation when large corporations, banks and other enterprises in this country conceivably pay no taxes at all, seems to me to be just one of those pieces of sophistry, to use the word the Minister likes to throw about, that one would expect the Minister of State for Finance would use in trying to defend in this House and before the voters and taxpayers of the country the things which this Minister of Finance has done to us time after time ever since the economic and fiscal statement of 1984.

Some changes, some of them quite important, have been made. I can think of one which is much easier to understand than the really complex changes the Minister of Finance has made more recently. The cancellation of the scientific research tax credit which the previous Liberal Government brought in is perhaps the most exciting attempt ever to encourage investment by the business community. It got to be such an exciting opportunity to invest that all kinds of fraud artists got into the game. Any government would have had to shut it down fairly soon. Certainly the Minister of Finance deserves credit for doing so after having recognized that there are certain boondoggles and dubious provisions in the tax system, dubious from an economic and sound fiscal position, but what are we actually left with in terms of the over-all realities of federal revenues?