

Tax Reform

and the provincial governments questions arise as to how you handle, for example, sales tax. Do you abolish it, or do you collect it at the provincial level and refund part to the federal government? Such matters involve the question of tax reform. I hope we will be given a much clearer indication of what the government proposes to do in regard to the whole subject of tax reform.

One further point I should like to make before I resume my seat relates to the degree of consultation—and I mean active consultation, not merely information that is given to the provinces—that should be undertaken in regard to the question of income tax and corporation tax. The province of Ontario commissioned a study which culminated in an excellent report being presented, entitled the Smith report. Similarly the province of Quebec commissioned a very excellent study of its taxation system, the Belanger report if my memory serves me aright.

As a result of our federal constitution and the separate jurisdictions that exist in Canada today, we are overtaxed. Our taxation system is complex. It has some grave inequities and inconsistencies created by the intermeshing of our provincial and federal taxation systems. If the government of Canada, having considered our taxation system, has not taken into account the legitimate interests of the provinces as expressed in these two leading tax studies—I am sure that most of the other provinces will follow closely the general principles outlined in these two tax studies—then we are merely going to be asked to exchange one form of irritant for another. As we all know, there is an old Biblical story about the woman who swept her house clean of devils, only to find that other devils ten times worse came in to take possession.

Therefore, Mr. Speaker, I suggest that without appropriate study of the three reports dealing with income and corporation taxes we will lead ourselves into an unholy mess. According to the 1967-68 figures, in excess of 34 per cent of the gross national product is taken up by the public sector. A great proportion of the gross national product is going to be affected by an unwieldy, an uncoordinated, and frankly a wasteful tax system.

• (2:30 p.m.)

I am quite pleased, Mr. Speaker, that we are to have the committee that has been constituted. On it will be 20 members from the house, and undoubtedly they will include representative members from the Standing

[Mr. Lambert (Edmonton West).]

Committee on Finance, Trade and Economic Affairs, and ten members from the other place who, I am sure, will be fully qualified to deal with the subject. After all, Mr. Speaker, the other place is as much part of the parliament of Canada as this place is, and we welcome its joint participation.

Mr. Max Saltsman (Waterloo): Mr. Speaker, on behalf of the New Democratic Party I take the strongest exception to the establishment of this joint committee of the House of Commons and the Senate. I see no reason at all to include members of the other place on this committee, and there are some very compelling reasons for not including them.

Mr. Knowles (Winnipeg North Centre): Hear, hear.

Mr. Saltsman: The committee is to deal with tax reform, something that will affect all citizens of this country. I submit that any committee dealing with such a sensitive matter ought to be above suspicion and ought not to have on it members whose interests may conflict with that of the people. In short, there should be no conflicts of interest. I fail to see how conflicts of interest can be avoided if some of the members proposed for this committee from the other place are appointed to it.

The subheading of the July 12 article by Robert McKeown in *Weekend Magazine* is, "Senators Should Be Above Suspicion—But They're Not". In part Mr. McKeown said this in the editorial:

A reporter put this question to Prime Minister Pierre Trudeau:

'Is this a matter of concern to you—that many senators become directors of companies after they enter the Senate?'

Trudeau: 'Do they? Is that a fact?'

A fact? The Senate collectively holds hundreds of directorships and other business retainers. Once they become senators, men not previously noted for their business acumen find themselves being ushered into the top board rooms of the nation.

Before this measure had even been introduced to the Commons and before this house had deliberated the matter, the other place had appointed ten men to study tax reform. Even from the very incomplete list of senators with corporate appointments that I have been able to obtain, it is very obvious that most senators to be appointed to that committee will be faced with conflicts of interest. I am not imputing motives or intentions to the people of the other place; I do not say that they have become deliberately involved in this situation. I am merely saying that it is