

*Taxation Reform*

research, public parks or anything else we as human beings in society decide we need on a collective basis.

At a time when the people of Canada are very sensibly increasing their demand for these public goods, we have a government making proposals which, far from encouraging the movement in this direction, discourage it. Far from increasing the development toward a more co-operative kind of society, we are providing tax incentives which will serve to increase the production of the consumer goods section.

**Mr. Francis:** Mr. Speaker, I have been trying to understand the hon. member's argument. Is he arguing that he prefers measures which would encourage Canadian citizens to own bonds rather than to own Canada through the form of equity stocks?

**Mr. Broadbent:** The argument is that we need incentives in the public sector. We also need incentives in the private sector. I am not arguing that we should have a completely publicly-owned economy or a completely privately-owned consumer oriented economy; I am suggesting that there is a very serious imbalance at this time, greater than ever before in Canadian history, between privately and publicly-oriented investment. The tax should be weighted marginally at this time in favour of public investment as opposed to private investment.

**An hon. Member:** At least it should not be discriminatory.

**Mr. Broadbent:** The taxation proposals should not be discriminatory in that they perpetually encourage investment in one sector more than the other. I suggest this reflects a very significant difference in the political philosophy in terms of methods.

It is true in inflationary periods that the private sector can give investors private stock or other forms of equity as a means of protecting their investors. More than that, when corporations borrow their interest costs are cut by 50 per cent, making a 9 per cent rate only 4½ per cent net on borrowed money. Government action, in contrast, has no such protection.

At this time, when we are experiencing one of our most serious and prolonged inflationary periods, we have in the white paper a proposal that is not in any way designed to help public investment or to encourage people

to put funds into the public sector whether at the municipal, provincial or federal level.

On the contrary, whatever incentives are provided encourage the private production of consumer goods. This seems to me to be the inevitable tendency of the white paper. This approach will discourage expansion by public development efforts, whether it be in the field of urban renewal, public housing, hospitals, medical services or a whole host of other fields upon which we depend for a civilized life. For these reasons, and there are many others, I think the white paper should be thoroughly discussed and seriously amended.

**Mr. John L. Skoberg (Moose Jaw):** Mr. Speaker, I wish to comment very briefly on the white paper now before us. The first point I want to make is that the highlights in the white paper give no recognition of modern social needs. We have noted the basic exemptions for what they are as proposed in the white paper. Certainly they are a far cry from a serious recognition of modern needs.

I was very surprised that the government, in recognition of our social needs, would allow basic exemptions along the lines proposed. I am sure all members of this House would agree that a single person with an income of \$2,000 per year, or a married individual with \$4,000 per year, is living at a level which is less than the basic requirement. The white paper does not even recognize this fact. It does not recognize that in our taxation system there should be exemption on a scale basis to cover the increasing basic needs of people.

Let me deal specifically with the proposal in the white paper for a general deduction in respect of employment expenses. It is suggested that this be 3 per cent of wages or a maximum of \$150 in taxable income. In my opinion this should be recognized as a basic exemption. Unfortunately, when we look at the allowable deductions for the two classes in our society we find they are of two types. The people who have made representations to Parliament throughout the year are those who have received greater recognition in regard to income return. There should be a difference in the treatment of these people compared with those who are on lower incomes or who are unemployed.

In 1967 a letter was written to the taxation office asking for consideration for employees who were forced to move from one city to another. No consideration was given in respect of the income tax regulation covering