

Canadian Council For Fair Taxation

By John F. Bulloch

Few issues in recent public memory have generated so much heat and so little light as the debate surrounding the Government's White Paper on Tax Reform.

On the surface, the Government's defence of the proposals seems so far removed from the arguments of White Paper critics that the bystander wonders if they're even talking about the same things.

In the process, however, opponents seem to have scored a few points, and most Canadians now expect that changes will be made before the tax proposals become law.

Against the background of Government promises of changes, the Canadian Council for Fair Taxation

underlines the importance of recognizing the "hardcore" issues of the White Paper provisions appear to have been deliberately included in order to be discarded or modified.

Thus the Government could deliver on its promise to "make changes" without really altering its basic position.

And that basic position is the curtailment of the private sector through the heavy taxation of capital.

How did the White Paper come about?

It was prepared by Department of Finance tax specialists and consultants under the direction of the since-retired deputy minister, Robert Bryce. Its basis was the report and recommendations of the Carter Commission, and it

represented the Government's attitude toward tax reform as a preliminary to legislation.

The White Paper accepts most of the recommendations of the Carter Commission, but has included some very significant changes in the tax rate structure.

For example, a married man earning \$10,000.00 a year would pay 40 percent more in personal income tax under the Government's White Paper than he would under Carter.

Another interesting comparison is the point at which a taxpayer would face a 50 percent tax bite. The point is now \$25,000.00. Carter recommended it be raised to \$100,000.00. The White Paper proposes it be dropped to \$24,000.00.

There's also a world of difference between the

income averaging proposed by Carter, and that of the White Paper. Because Capital Gains will be classified as income, and taxed at income tax rates, income averaging will become a much more important aspect of taxation than it is now. Carter suggested a true form of averaging, but the White Paper formula would be meaningless to most businessmen who stand to make a capital gain.

By making these and other alterations to Carter's proposals, the White Paper draws a bead on private capital accumulation and private investment, and provides a blueprint for confiscating family businesses and farms.

This confiscation is most apparent when one studies the combined effect of the estate taxes introduced in 1968, and the proposed

capital gains tax. Under the new Estate Tax Act, no tax is paid on the transfer of assets between spouses. However, when the surviving spouse dies, the estate tax comes in with a vengeance.

The tax of the first \$300,000.00 amount to about \$90,000.00, and for every dollar above \$300,000.00, the tax rate is fifty percent. Taxation at this level means that heirs will most likely be forced to sell off part of an estate to raise enough money to pay the tax.

When this sale is made, assets will be subject to capital gains taxation.

The combined effect of this double tax on capital - the double whammy - will mean that between 50 and 80 percent of an estate, depending on its makeup, could go up in tax smoke. This has a particularly destructive effect on a farm, a business or real estate holdings, and means that they simply pass out of a family's hands. Benefiting your heirs will cease to be a valid reason for building an estate.

Only if the government reduces its capital gains tax from its suggested maximum of 50 percent to a maximum of 25 percent, and provides some corresponding alteration to the level of estate taxes, will Canadians know there has been a real modification to the White Paper proposals.

When one considers the fact that the White Paper will probably mean a reduction of foreign capital investment in Canada, the Council's concern about the confiscation of private pools of Canadian capital takes on more meaning. The combination presages the emergence of the Federal Government as the major source of investment funds - one of the roles performed by government in a socialist state.

The second hard-core issue of the White Paper is the elimination of the low rate of corporate taxation on the first \$35,000.00 of a company's profits.

The Government's plan would not only remove an important incentive for individuals to start up new corporate enterprises, but will deprive small businesses of the means to finance their growth.

The financing problem of small businesses is working capital. The low tax rate enables a growing firm to generate its own working capital and thus arrange credit from banks and suppliers. A Government term loan or a deferred tax is not a satisfactory alternative because these represent debt rather than equity financing.

Again, Canadians will know the Government has made a real concession in this respect only if it provides a method within the tax system by which a corporation can build an equity base with no strings attached.

The Canadian Council suggests a form of split rate that is phased out as a company's profits grow, so that the company pays 25 percent taxes on the first \$35,000.00 in profit, and 50 percent on the whole amount when profits reach

\$105,000.00. This application of the "split rate" concept that is the basis for income taxation. Although there are many good features in the White Paper, the proposals affecting the free enterprise system should be strenuously opposed by all businessmen.

The function of the Canadian Council for Fair Taxation is to arouse public support in defence of the operation of the market place as we know it.

The Council believes in the de-emphasis of incentives in the White Paper is harmful to economic growth in Canada. In fact, every brief submitted on the subject is critical of the Government's contention that "the economic implications of the Paper are minimal."

The Canadian Council for Fair Taxation is opposed to the provisions that are included in the White Paper. It is the Council's belief, however, that the Government, using these provisions, is attempting to disguise a social change without the order to receive the mail from Canadian citizens.

Officers of the Detachment investigated property damage and injury motor vehicle collisions, in which persons were injured (seriously) - being a total of 18 accidents for the month of September.

General Occurrences investigated were: Three insurance; nine break, and thefts; one auto six thefts; two persons (both located); liquor control act; auto traffic (two impounded); one under suspicion; four other criminal offences.

DOUSE THOSE LIGHTS TORONTO (CP) Officials for the Dominion Centre agreed to shut off the lights in the centre's skyscraper towers earlier than usual for months of September. The early hours are aimed at saving money by themselves to death of the building.

Rev. Finlay G. Stewart To Preach In This District

Many readers in Jarvis will be pleased to learn that Rev. Finlay G. Stewart, of Kitchener, will be preaching in this district on Sunday. He drew large congregations to Knox Church, Jarvis several years ago on the occasion of his church anniversary. This Sunday he will direct the services of the Hundred and Twenty-Third Anniversary of the Presbyterian Church, Port Dover.

Dr. Stewart is also well known throughout this area on his Sunday morning broadcasts alternate Sunday mornings direct from his home church. So well received are these programs that their annual \$8,000 fee is paid for entirely by

Norfolk Historical Society

Fanshawe College was in the locale of the Norfolk Historical Society meeting Harry Barrett, president of the historical society and principal of the college presided for the meeting which took for its theme "The History of the Point Area."

Portraits were shown of rare birds and wild life in the story of 100 years of the Long Point Company. The Provincial Museum, which now controls the wanton destruction of the area, is showing a film of the former wild life of the area. Three of those keepers look at the needs of mariners in these dangerous waters.

The picture of Abigail was shown and her heroic rescue of eight men from the rigging of a masted schooner was noted.

Speakers from the Department of Municipal Affairs deplored the terrible breakdown of the neighborhoods through industrial expansion and increased questions from the audience.

The population of Simand-Norfolk was 82,000. The history of the village of Victoria, once the capital of Upper Canada is a project to be taken up.

Formation of early residents residing there was noted. There was a capacity audience. Lunch was served. Local persons attending were Mr. and Mrs. Carroll, Mr. and Mrs. E. M. Miller, and Mrs. R. A. Miller.

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Sandusk W.I.

The Sandusk Women's Institute met at the home of Mrs. George Marshall for their September meeting. The president Mrs. Wm. Bray was in the chair.

We opened with the Opening Ode, the Institute Creed and the Lord's Prayer.

We were reminded of the fall meeting on September 23 at York United Church. Delegates were appointed for this meeting and the W.I. Convention in October.

Plans were finalized for the display at Caledonia Fair and donation was given to Grand View Lodge Fund. Mrs. Bray read a poem, Autumn Dreams. Mrs. Wm. Nicol was program convenor

Long Point

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In 100 years the great Long Point shooting ground and its 20,000 acres has largely drifted into American ownership. But its past history and present friendly, Provincial and local approval should not be forgotten.

Until about 1850, "To go to Long Point" or "To shoot at Long Point" had no relation to what is now the peninsula famous for ducks. The peninsula had given the name to the mainland on the north shore of the Bay.

Until 1850 (and after), the duck shooting was ample and of easier access at Turkey Point and along that shore. George III muskets and small bore rifles being the usual guns used. The little shooting that was done was to get food rather than for sport. Moreover, until about 1870, quail, ruffed grouse, deer and some wild turkeys gave the best of shooting on the mainland, while duck shooting required, even in those early days, time and an outfit which few men could then afford.

Mrs. B. J. Hammond gave the card report: 14 convalescent, five sympathy and one birthday had been sent out. A "Lucky Luncheon" will be held in the "Eastern Star" Hall on Tuesday, November 3 at 1 p.m. Tickets are available from W. I. members.

The future meetings were planned and many interesting meetings will be held during our next season.

and she read an article on Life Is Like a Grindstone. The roll call was answered by naming our first school teacher.

The motto on Education was given by Mrs. Merrill Nie and the topic, also on education was ably given by Mrs. Maude Barnes.

Mrs. Wm. Nicol led us in a true or false contest on sleep. The meeting closed by singing The Queen and the Institute Grace.

Obituaries

Mr. Elson Lloyd Held Elson Lloyd Held passed away suddenly at St. Joseph's Hospital, Hamilton, on Tuesday September 22, in his seventy-eighth year.

Mr. Held was the beloved husband of the late Millicent Eleanor Hare, dear father of Ross of Lethbridge Alta, Valma (Mrs. Clarence Lyne) of Stoney Creek, and Margaret (Mrs. A. C. Smith, deceased) of Hagersville, and dear brother of Alice (Mrs. Cecil House of Hagersville) and Mrs. Cora Otterman of Fisherville. Six grandchildren and three great-grandchildren also survive.

Mr. Held is resting at the Hyde and Mott Funeral Home, Hagersville, for service in the chapel on Friday September 25 at 2 p.m. Interment in Wesley United Church Cemetery.

LOT OF BULL CUTTS, ALTA. (CP) - The first purebred Simmental bull to enter the United States was a one year old animal bred in southern Alberta and shipped in August of this year. North American Simmental Breeders of San Antonio, Texas, paid \$154,000 to Simmental Breeders Cardston Ltd. for Amor, sired by Parisien which was the first Simmental bull imported to Canada from Switzerland.

Jarvis To Be Lit Up For Christmas

The Jarvis Board of Trade plans a mammoth light up program for the Christmas season in the village this year.

At a meeting Monday attended by about 20 merchants, it was decided to purchase lights and 16 wreaths to decorate the main arteries through the village.

Orders were placed for both wreaths and Christmas lights on Tuesday.

The board is seeking the co-operation of Ontario Hydro to install the equipment on some 18 poles owned by hydro along Highway 6 and Highway 3.

The board also will ask the village council for a donation to help finance the decorations. The wreaths will cost \$360 and it is estimated it will cost another \$360 for installation.

In other business the board heard Mrs. Beatrice Park of Simcoe outline the Welcome Wagon program which operates under a franchise.

She told the merchants how the program works and what it would cost each merchant that participates in it. The matter was turned over to the merchants committee for study.

BOY SCOUT BASKET AND Paper Drive

The Jarvis Boy Scouts Paper Drive will be held on SATURDAY, Sept. 26, at 12:30 P.M. Please separate magazines, etc., containing staples from newspapers in order to enable the Scouts to realize a higher return for waste paper. Tie bundles securely and place where the boys can see them by 12:30 P.M.

Anyone wishing paper picked up other than in the Village of Jarvis, please phone Steve Payne, 587-2566 or in Nanticoke and District, phone G. Dooser 426-3979 and arrangements will be made to pick them up.

SIMCOE DRIVE-IN

WED. - SAT. 23 - 24 - 25 - 26 "Johnny Cash"

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