

*Taxation Reform*

incurred in earning his living. The white paper contains a proposal which purports to move in that direction. On the night that the white paper was tabled I made some comment on that particular proposal, and at once labelled it a snare and a delusion. Nothing that has come to light since, as a result of further study of the white paper, has changed my mind on this point.

You will recall, Mr. Speaker, that the white paper proposes that wage and salary earners be allowed to make a deduction from their taxable income of 3 per cent up to a maximum of \$150. The white paper suggests that this is to be an allowance for expenses incurred in earning a living. In my view it is nothing of the sort. Really, all it does is provide an additional basic exemption for all people whose incomes are derived from wages and salaries, whether or not they have any expenses. That is why I label it a snare and a delusion.

Even if one were to regard it within the context in which the white paper places it, it is in itself an inequitable proposal because it provides a flat rate of exemption based upon income. It has no relationship to the actual expenses incurred. In other words, a low salaried worker, no matter what his expenses may be, will not be able to deduct as much as a higher salaried worker.

A person at the \$3,000 level would be allowed to deduct only \$90. At the \$4,000 level he would be allowed to deduct \$120. It is only when one reaches the level of \$5,000 or more that the maximum of \$150 is allowed. This is an internal discrimination within the proposal. It underlines the point I am trying to make, that this proposal has nothing to do with the expenses incurred by wage earners in the course of earning a living.

Indeed, I find it quite incomprehensible that the Minister of Finance (Mr. Benson), who has been referred to with a variety of adjectives in recent days and weeks, and for a variety of reasons, would even consider bringing in a proposal which is so obviously absurd. I have great personal liking for the Minister of Finance, but I find it difficult to label this proposal as anything other than a cheap political gimmick to meet what has become a demand for equity in taxation between those whose income comes from salaries and wages and those whose income comes from other sources.

● (2:20 p.m.)

Therefore, Mr. Speaker, once again I should like to emphasize to this House, and to the working people of Canada, that this proposal is a snare and a delusion and should be vehemently rejected. Indeed, to underline the absurdity of it I should like to point out that at a convention in, I believe, 1955, the then Canadian Congress of Labour rejected a resolution which brought forward a proposal virtually on all fours with the proposal that the Minister of Finance has put forward in his white paper. I was present at that convention and listened to the debate. As a matter of fact, I was there as a delegate and took some part in the debate. The convention rejected the proposal because the delegates did not want to become the laughing stock of Canada. I mention this to show what, more than ten years ago, a large segment of the working force whose income is derived from salaries and wages thought of this idea.

Having said that, Mr. Speaker, I think it would be appropriate to point out some of the ideas that have been brought forward in this House from time to time which in my view might appropriately be labelled attempts at elimination of the inequity existing in the Income Tax Act. I consider it to have been one of the red letter days in my experience as a member of this House when in 1956, the then minister of finance, the Honourable Walter Harris, admitted to me that section 5 of the Income Tax Act discriminated against those whose income was derived from salary and wages. This was the first time, Mr. Speaker, that a spokesman for the government of Canada had publicly made that admission although I had raised the matter in debate, as had other members, in previous years. The Minister of Finance had always sat mum and refused any comment. But in 1956 Mr. Harris did admit discrimination existed and said that the government was considering doing something about it. In view of subsequent political events, I cannot hold the Honourable Walter Harris responsible for the fact that the government did not do too much about it.

However, not too long afterwards the Department of National Revenue introduced a change in policy in what it called an "Information Bulletin". I can remember that this was Information Bulletin No. 10 and was a direction to employers in the construction industry that they were not to continue the practice which had been widespread until then of excluding from the taxable income of