

Unemployment Insurance Act

another. But the trouble with that was that it raised the duties by too much. It raised them by 20 per cent or 25 per cent in some cases, and they did not want to do that; they wanted them raised by only 5 per cent, 10 per cent or 15 per cent. So they looked in the Financial Administration Act—this Bible which is now being quoted—and they found in a section which is now section 17 the power to remit or to forgive taxes or charges. So they passed a blanket provision that these duties, which they had raised by transferring them from one column to another, were to be forgiven to the extent necessary so that they would be brought down to duties of 5 per cent, 10 per cent or 15 per cent for the various categories listed in that order. This is about as devious and unusual an order in council as we have ever had. I remember being at home in Winnipeg just after the election and hearing about it on television. I just could not believe it.

Well, we came down here that fall for the session. Some hon. members from the Liberal side, or one or two of them who have gone to their reward—in some cases it is to another world, in some cases it is to another place—picked up the cue from us. We were sitting over where the Social Credit party now sits. They fought this order bitterly. They said it was an illegal order in council. The right hon. member for Prince Albert said no, that they had the opinion of the law officers of the Crown, they had the opinion of the Department of Justice, that this was a perfectly proper order in council. We fought hard, the Liberals and our party, but we got nowhere with them. In due course the session ended, there was an election, and the Liberals came to power in 1963.

An hon. Member: What's the difference?

Mr. Knowles (Winnipeg North Centre): In the meantime, of course, some pretty big companies in this country which were affected rather seriously by these higher duties of 5 per cent, 10 per cent or 15 per cent, decided that they would go to court claiming that the order in council was invalid.

So the Liberal government, which was by then in power, went to the same law officers of the Crown, to the same people in the Department of Justice, and asked: What is your opinion now? These were the very same law officers of the Crown who had told the Tories that the order in council was legal. Now, they told the Liberals that it was not and that they had to do something about it.

Mr. Jamieson: Same old gang!

Mr. Knowles (Winnipeg North Centre): So the Liberals brought in a bill. In this situation big sums of money were at stake. I want to say that if the 1972 election had gone the other way, the Tories, who are now complaining about these Governor General's warrants, would have got them themselves, in order to pay unemployment insurance claims. Or if they had found warrants already there that had been passed by the Liberals, as probably would have been the case, they would have brought in supplementary estimates approving what the Liberals had done. They would have had no other course.

So let us not have this nonsense about getting legal opinions. I am not going to use the man's name, but the actual official in the department who one year said it was

[Mr. Knowles (Winnipeg North Centre).]

legal was the same official who the next year said it was illegal.

An hon. Member: He got his reward.

Mr. Knowles (Winnipeg North Centre): No, he did not. He is now in the academic world somewhere.

Some hon. Members: Oh, oh!

Mr. Knowles (Winnipeg North Centre): Let us not get lost in this argument about what is legal and what is illegal. The basic fact so far as the law is concerned is that the unemployment insurance benefits had to be paid, and that there was a provision in the Financial Administration Act that enabled the government to cope with the crisis which, I admit, had come about because members of the government bungled the administration. They had received poor statistics from the Department of Finance, Statistics Canada, or somewhere else, and fundamentally they had not really come to grips with the problem of unemployment. If they had not allowed unemployment to become so high this whole problem would not have arisen. The hon. member for Verdun (Mr. Mackasey) is perfectly right when he points out that that is the real issue, and not the Unemployment Insurance Act.

• (1740)

When people talk about the law and make these complaints about whether it is being kept or not, I want to refer to something else. When Mr. Benson had before us that big bill amending the Income Tax Act, which I think we passed in December, 1971, it provided a change with respect to the income tax exemption for senior citizens. The provision in that bill was that at age 65 every taxpayer would get an extra \$650 exemption. That became law effective January 1, 1972.

That is still the law, Mr. Speaker. It has not been changed. That is the law for 1972, that the extra exemption for taxpayers 65 years of age and over is \$650. But last May 8 the present Minister of Finance (Mr. Turner) in his budget speech proposed that that figure of \$650 be raised to \$1,000. No bill to make this change was ever introduced, but it was promised, and the promise was that it would be effective as at January 1, 1972.

This got thrown around a lot during the recent election campaign. In fact, it was even mentioned in the literature that went out with the old age security cheques. You know, Mr. Speaker, the government never puts propaganda into the literature it sends out, but there it was. It said, "We have asked parliament for this increase to \$1,000 and, if parliament agrees, this will apply as of January 1, 1972." It is a good provision. I like it and welcome it. But, Mr. Speaker, it has not been passed. It is not the law of the land. The law of the land is \$650.

I wonder if any hon. members have looked at the income tax forms that have recently been issued. The new income tax form says that at age 65 the exemption is \$1,000. Why don't my Tory friends get up and raise the roof about the fact that the government is breaking the law, that it is letting the Department of National Revenue put out an income tax form that is at variance with what the law says? Like all of us, they are the friends of the old