

did not appear to stress sufficiently the contributory nature of the universal pension. Mr. Martin would have preferred a direct tax imposed on personal incomes at lower exemption ceilings than those presently prescribed under the Income Tax Act in order that the economic impact of the social security legislation be brought home more forcibly to a greater number of individuals. This proposal, however, appeared to have marked disadvantages. The establishment of two different sets of exemption ceilings for purposes of the Income Tax Act and for purposes of the Old Age Security bill would be expensive and extremely cumbersome from an administrative point of view. Furthermore, even though the lowering of the exemption ceilings would appear to result in a much greater number of people paying the direct tax, in actual fact it would be difficult and expensive to collect the tax from important groups of the population such as farmers, domestic workers, self-employed, etc.

12. The Cabinet, after considerable further discussion, deferred decision on the fiscal proposals submitted by the Minister of Finance in relation to contributions under the proposed Old Age Security Act pending consideration at the next meeting.

27th Canadian Infantry Brigade; legal status in Germany

13. The Minister of National Defence, referring to discussion at the meeting of October 13th, 1951, pointed out that, under the Occupation Statute which still governed Germany, the Allied High Commission, (consisting of representatives of the United States, the United Kingdom and France) still had exclusive jurisdiction in respect of armed forces present in Germany. All military personnel now in Germany were there in their capacity as occupation troops and a substantial portion of the costs involved in maintaining such occupation troops was borne by the German people.

It was recommended that an arrangement be made with the Allied High Commission whereby the 27th Canadian Infantry Brigade would be placed under General Eisenhower's command and physically located in Germany, but with no occupation duties and with no increase in occupation costs to be met by the German people. If such an arrangement could be made, it was suggested that a statement to that effect be issued immediately.

A draft statement was submitted and read.

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