

the hon. member for Parkdale (Mr. Haidasz)—Airports; the hon. member for Comox-Alberni (Mr. Barnett)—Shipping—maintenance of service on west coast of Vancouver Island.

GOVERNMENT ORDERS

INCOME TAX ACT

The House resumed, from Monday, December 13, consideration of the motion of Mr. Benson for the third reading of Bill C-259, to amend the Income Tax Act and to make certain provisions and alterations in the statute law related to or consequential upon the amendments to that act.

• (5:20 p.m.)

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in the few minutes that I had last evening just before ten o'clock, I pointed out that in my contribution to the third reading of Bill C-259 I wanted to concentrate on what I regard as the biggest disappointment in this massive piece of legislation. I refer to the fact that the exemption levels have been raised only to \$1,500 a year for a single taxpayer and only to \$2,850 a year for a married taxpayer. I also indicated last evening that at the end of my remarks this afternoon I would move an amendment asking the House to vote for the reference back to the Committee of the Whole House of this bill so that consideration might be given to correcting this major disappointment.

I confess, Mr. Speaker, that there are a number of other things about the bill which in my view are wrong and disappointing and I should like to talk about them. I am not yielding to that temptation, however, other than to mention them. I would have liked to talk about the inadequacy of the \$150 employment expense deduction made available to workers, and likewise about the inadequacy of the child care cost deduction. I would have liked to make reference to the failure of the Minister of Finance (Mr. Benson) to make effective for the year 1971 all of the improvements that he has made respecting senior citizens. I would have liked to talk of the action being taken with respect to capital gains, particularly the discrimination that exists in this bill between those who earn their income by hard work, whether manual, mental or otherwise and those whose income derives from capital gains. On the one hand, the income is fully taxable but if it is a capital gain it is taxable only to the extent of 50 per cent. I would have liked also to talk about the increase in the dividend tax credit from 20 per cent to 33-1/3 per cent which is another case of discrimination in favour of the "haves" and against the "have nots". I would also have liked to mention our objection to the disappearance of the federal government from the estate tax field. If that were not enough to show why we have to vote against this bill we could have called the hon. member for Duvernay (Mr. Kierans) as a witness and pointed out that this bill completely fails to deal with the basic problem we face in this country, namely that of developing labour intensive

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industry so that our nation will not be just a hewer of wood and drawer of water.

In other words, there is so much that is wrong with this bill, apart from its complexities and the monstrous size of it, and the way the government is putting it through Parliament, that any of us who believe in tax reform and in a rational and progressive approach to taxation have no option but to vote against it. I have already indicated that I am turning aside the temptation to talk about that list of subjects because I think the biggest disappointment of all is the way in which the Minister of Finance (Mr. Benson) has dealt with the question of exemption levels. I submit that this is of concern to more Canadians than any other phase of the bill. I submit that all the talk about what the government has done for low income people fades into nothing when one realizes that the government is still going to impose taxation on incomes at the low levels prescribed in this bill.

When I was speaking for the four or five minutes I had last evening, I repeated a statement I have made before, a statement that has been made in the course of this debate perhaps dozens of times but which I think has to be modified. Last night I said that the present exemption levels of \$1,000 single and \$2,000 married were set in 1949, 22 years ago. For the government, after a lapse of 22 years, to raise those exemption levels only to \$1,500 single and \$2,850 married was both inadequate and an insult to the Canadian people. It is correct that in 1949, 22 years ago, the levels were set at the present figures of \$1,000 single and \$2,000 married, but I realized after I said that last night that there is a history behind 1949 which one should review and I have done that today. In other words, I have checked my memory by going to the history books, including *Hansard* and the *Journals* and so on. I should like to remind the House that when the exemption levels were set at \$1,000 single and \$2,000 married in 1949 it was only a case of restoring the levels to those figures from the lower figures that had been put into effect mainly during the years of World War II.

The figures of \$1,000 single and \$2,000 married were first introduced in the year 1933, 38 years ago. Between 1933 and 1949 those levels were lowered; in fact, they got down as low as \$660 single and \$1,200 married during the Ilsley days. All that happened in 1949 was that the figures set in 1933 were again put into the act. When we compare the proposed levels of \$1,500 and \$2,850 with the present levels of \$1,000 and \$1,500 we make a mistake if all we say is that it has taken 22 years to make this change—it is actually 38 years since the Income Tax Act had exemption levels of \$1,000 single and \$2,000 married written into it.

I invite hon. members to go back even a little further in history. They will discover that in the late 1920's when the Liberals were in power the rates they set were even higher. In the late 1920's the rates were \$1,200 single and \$2,400 married. It was in 1933 that Mr. Rhodes, who was the Minister of Finance in the Bennett government, because of the difficulties of the depression, lowered them to \$1,000 and \$2,000. Take either of these benchmarks that you want, Mr. Speaker, the Conservative \$1,000 and \$2,000 of 1933 or the Liberal \$1,200 and \$2,400 of the late 1920's, and I submit that the present Minister of Finance is literally doing nothing—