

*Income Tax Act*

May I also draw the attention of the House to citation 418 of Beauchesne's Fourth Edition which reads in part:

All amendments which may be moved on a second reading of a bill may be moved on the third reading with the restriction that they cannot deal with any matter which is not contained in the bill.

I suggest, respectfully, that the proposed amendment goes beyond the scope of the bill. Actually, as the hon. member for New Westminster (Mr. Hogarth) suggested, it could nullify the original act. For those reasons I am afraid, rather reluctantly, that I cannot allow the amendment.

**Mr. Schumacher:** Mr. Speaker, may I say that, although I shall support the bill, I shall do so with a view to protecting public funds and not with a view to either preserving or protecting the CYC.

**Mr. Deputy Speaker:** Is the House ready for the question? Is it the pleasure of the House to adopt the said motion?

**Mr. Lewis:** On division.

Motion agreed to and bill read the third time and passed.

**INCOME TAX ACT**

## AMENDMENT TO CONTINUE SURTAX

The House resumed from Thursday, December 11, consideration of the motion of Mr. Gray (for the Minister of Finance) that Bill C-139, to amend an act to amend the Income Tax Act, be read the second time and referred to the Committee of the Whole and the amendment thereto of Mr. Lambert (Edmonton West) (p. 1865).

**Mr. Gordon Ritchie (Dauphin):** Mr. Speaker, it is difficult to find anything humorous about taxation and there is certainly nothing funny about a surtax of any kind. Ever since February, 1968, an allusion to surtax in this House has conjured up the farce of the Pearson government clinging to power against all the customs and traditions of Parliament, after being clearly defeated in this chamber. This reminds all of us of the ludicrous performance of the man who then was minister of finance. For his bungling, he was booted upstairs to become Secretary of State for External Affairs.

● (3:50 p.m.)

Your Honour will recall that the minister first proposed a 5 per cent surtax on income. When that proposal was defeated by a vote in

[Mr. Deputy Speaker.]

this House, he withdrew the measure and came back later with a surtax measure cut down to 3 per cent. In both cases, he claimed the tax was to meet the expense of federal-provincial shared-cost programs. It was a temporary measure. It was to remain in force no longer than one year. My understanding is that this myth is still being perpetuated by the government. Yet even as we are being asked to continue this tax for one more year, the white paper containing the Minister of Finance's (Mr. Benson) unpopular and unworkable tax reform proposals states quite clearly that this particular surtax is to be continued permanently by being absorbed in the general tax system. This is as confusing a manoeuvre as has been placed before Parliament for a long time. Had this measure been sponsored by the former minister of finance, perhaps it would not appear so illogical and devious.

After all, what can we expect in the way of logic or forthrightness from a minister who, only the other day in this House, when answering a question as to whether future wheat sales to Red China had been included in negotiations regarding recognition of the Peking regime, answered as reported at page 1695 of *Hansard* for December 8:

—in the exchange of diplomats between countries such considerations are irrelevant.

Surely, Mr. Speaker, this must set some kind of a record. When the day comes that sales of Canadian wheat are treated by Canadians, whether diplomats or not, as "irrelevant" then we are indeed in a very bad way.

The fact that it was the present Secretary of State for External Affairs (Mr. Sharp) who fathered this surtax is grounds enough to regard it with suspicion. But there are other factors surrounding it that make me even more skeptical about the manner in which it is used. It was first imposed with the sole purpose of providing tax revenue to meet the accelerating expense of the various federal-provincial shared-cost programs. I am presuming the government is referring to such cumbersome, expensive and uncontrolled programs as medicare, hospital insurance and such. A device to raise additional tax revenue might make sense if, at the same time, the government gave some evidence that a serious attempt was being made to manage the schemes requiring the revenue in an economical and businesslike way. But the runaway nature of the present shared-cost social welfare programs, now draining the provincial and federal treasuries of this country, make