

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT
OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Right Hon. J. L. Ilsley (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell and the amendment to the amendment of Mr. MacInnis.

Mr. LUDGER DIONNE (Beauce): Mr. Speaker, in the budget speech which was delivered in the House of Commons by the Minister of Finance (Mr. Ilsley) on June 27, I noticed a sincere desire to meet the conditions imposed on us by the reconversion from war to peace, but I failed to see a real effort to meet the wishes of the Canadian people.

In the first part of my remarks I shall deal with the unsuccessful results of the dominion-provincial conference. Has the federal government the right to tax the population to meet its obligations without asking the consent of the provinces? It would seem that the federal government has this privilege, if one may judge by the legislation which the minister is submitting for the consideration of the members of this house. If the federal government can tax the population without the consent of the provinces, why then consult the provinces? No doubt I shall be answered that the federal government is trying to avoid double taxation on the population, namely, taxation by the federal government and taxation by the provinces. This scheme is an economical and practical proposition, but as the provinces do not want to accept such an agreement, I do not understand the reasons for the federal government insisting so much.

The system of direct taxation followed by the federal government is disagreeable to the Canadian people. Why then insist on the provinces collecting their taxes directly from the people and then giving it back to them on the basis of \$12 to \$15 or \$20 per capita? Why relieve the provinces of this unpleasant job? Why not let the provinces tax their own people in the manner they think fit and forget about this? In other words, why not mind our own business? I think we have enough to do here without doing the work of the provinces against their own will.

Personally, I am sick and tired of this bargaining with the provinces which, owing to the influence of the press in each province, is detrimental to the constructive ideas which this house has in mind. What have we gained to date with the provinces? Nothing practical. The federal government has been

[Mr. Burton.]

accused by the press in practically every province of aiming at centralization and monopolization of the privileges of the provinces, to their detriment. Our ministers have done a tremendous amount of work on this problem, but it has proved fruitless. I submit that we have devoted too much time already to this matter. On the other hand, if we do not have the right to tax the people under the heading of income tax, succession duties, et cetera, we should take some means to legalize this form of taxation or to enter other taxation fields so that we may obtain the results we are seeking.

I should like to refer now to the items of taxation which appear in the budget. I contend that our system of taxation is unjust and unfair to our people. In analysing our income tax legislation from a practical point of view I notice that only part of our population pay any income tax, namely, the working class and commercial institutions. Labour cannot escape this tax because it is deducted at the source, and commercial institutions who have to keep complete sets of books with accountants and auditors must pay it. But what about the thousands of other large and small businesses, those in the professions and many other classes of citizens too numerous to mention? How are taxes collected from these people? Most of them pay no tax. Those who do pay a tax are at the mercy of the income tax collector, or the inspectors must accept whatever they can get from them. It is a direct invitation to dishonesty. Most of these people are dreaming of nothing else but ways and means to hide their income. If they are successful in this they must live lives of fear of being caught and penalized. I know of no better way to educate our population to become professional scoundrels and rascals.

Is this the kind of people we want to have in Canada? Certainly not. If we want to avoid this calamity we shall have to change our methods of taxation. Remember that we have exacted enormous sacrifices from our people during the last five or six years. Are the people not entitled to fairness and equity from their leaders? This exploitation of the classes who do pay taxes, in favour of other classes who do not pay any, or pay only part, must cease. The present budget submitted to the house is inviting criticism and evading our responsibility. We must be honest with our people and with ourselves. We must be bold enough to tell them that we must get revenue to face our obligations and are prepared to enact whatever legislation is necessary to achieve this objective by fair and equitable means.