not be so reactionary as to give us another dose of the kind of tax now before us for which there is no justification whatever in a country which calls itself democratic or thinks itself to be progressive in any sense of the term.

Therefore, because we feel as strongly as we do about this tax and believe the bill should be defeated, I move, seconded by the hon. member for Vancouver-Kingsway (Mrs. MacInnis):

That the word "now" be deleted from the motion and that the words "this day six months hence" be added at the end thereof.

• (4:00 p.m.)

[*Translation*]

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, during the short period of time I am allowed, I shall stick to the bill before us, namely Bill C-191 which has a rather mild title but I feel that it could nevertheless have long-range implications on the Canadian economy. This bill is intituled: An Act to amend the Income Tax Act.

As a matter of fact, this is a most important bill since it provides for an indirect tax to be levied from nearly every Canadian.

The bill itself is quite complex as it deals with several matters, like sales of ships, the use of tax tables and a change in the date when companies have to file their income tax returns.

Ten items or so are merely consequential items resulting from changes to certain sections of the Income Tax Act.

As for the other provisions, they are of the utmost interest to the Canadian tax-payer. For instance, clause 27 of the bill intends to add immediately after section 104A the pompous title of:

PART IB

Social development tax

This section affects every Canadian taxpayer. Every individual liable to pay a tax for a taxation year shall pay a social development tax for the year equal the lesser of 2 p. cent of his taxable income or a maximum of $120 a year.

This tax directly affects the poor as well as the wealthy but more harshly the first group.

Indeed, the person whose taxable income is $6,000 a year will have to pay $120 in social development tax exactly as the one whose taxable income is $25,000 or $100,000. The small taxpayer whose taxable income is only $2,000 will have to pay $40 a year in social development tax, while the well-off or the millionnaire will pay only $120 a year. We claim that this is an unfair legislation, for it deprives the small taxpayer of part of his vital minimum and allows the big interests to pay only a small social development tax of $120.

Such legislation indeed runs counter to the "just society" which is so highly praised in government statements.

The other clauses of Bill C-191 relate to taxation of insurance company income and of the profits made by insurance policy-holders at the time of redemption or of maturity of a policy.

Here is what Mr. Hazzlet Lemmon, president of the Canada Life Insurance Company, had to say on the subject at the meeting of the shareholders of that company last January 30, and I quote:

It may well be that the most important event of 1968 insofar as the future of life-insurance in Canada is concerned was the proposals announced by the Minister of Finance in his budget of October 22. He introduced a complete new system of taxation for life-insurance companies which includes three types of taxes. First of all, he announced that any net profit made by a policyholder after October 22, at the time of redemption or maturity of a policy, except in cases of death, should be taxed as personal income.

He took good care to exclude all retroactive taxation element. If this form of taxation is adopted, it will mean that we would have to consider seriously the important values involved in the greater number of life insurance contracts now in force before taking any step to end these contracts.

Secondly, companies would pay tax on their investment income—after fixed deductions—at the proposed rate of 15 per cent.

Thirdly, any corporation income, as defined, will be taxable at the regular rate that applies to corporations income.

Since that budget was introduced, some representatives of the industry have discussed the details of the application of these taxes almost continuously with government officials and the minister. Suggestions have been made which, according to insurance companies, would make these taxes far more equitable as compared with taxes that apply to other institutions. To date the final bill has not been introduced so that it is impossible to know exactly what burden these taxes will represent.

Over the years, the Canadian life insurance industry has managed remarkably well to reduce the cost of life insurance to its policyholders, through increased rates of interest, a better return on the capital and the improvement in the death rate. Any new taxes imposed upon the industry will of necessity have the opposite effect and, as a result, the cost of insurance will be much higher than it would have been otherwise. If it were to result in reducing the amount of insurance taken by Canadians, this would lead to widespread social