

\$2.63 in taxation he will stay at home and probably spend his time in improving his home, working in his garden, or taking leisure, with the net result that the government receives only half the income tax that it expected to receive from that individual.

The next case I recite is that of the married man with no dependents. In this instance the amount of income tax paid, if he works the full six days of 48 hours at 60 cents an hour, is \$2.68; whereas if he works five days his tax is 21 cents. If he works four and a half days he pays no tax at all, and the treasury is bereft of \$2.68 a week on that employee, the national production is correspondingly lowered, and the morale of the employee who works alongside of him, honest and full time in an all-out war effort, is lowered, with the result that he becomes dissatisfied.

Let us now take the case of the third man, who is married and has two dependents. His taxation at 60 cents an hour for 48 hours is 39 cents, whereas if he works five days it is nil. He too becomes dissatisfied when he finds his mate at the next bench losing time. This entire situation is accelerated and exaggerated when men anxious to finish jobs and anxious to put in overtime find they work an extra number of hours.

The loss in Canada's production on account of absenteeism is a problem which must be grappled with immediately. The loss in revenue on a payroll which it was my duty to examine a week ago was equivalent to 400 man hours of work per week against a payroll which had 8,000 man hours of work per week; in other words it was equivalent to five per cent of the production, plus the loss through inefficiency on account of shortage of labour on certain days. The present income tax legislation on wage-earners tends to encourage this condition. I suggest that we reduce the rates. In this way we would get more revenue.

Mr. ILSLEY: Mr. Speaker—

Mr. HARRIS (Danforth): If the minister will bear with me for a minute until I finish this statement, I shall try to answer his question. I have suggested that we spread the tax so that it will affect more absentees. Have more of our people paying income tax, and thereby avoid a condition under which many of our wage earners are entirely free from taxation. I have in my hand the table of tax deductions under the Income War Tax Act. It is well worked out, but it illustrates the difficulty. Take the first column, a single man, and say he is fortunate enough to have a job at a dollar

an hour, \$48 a week. He must pay into the treasury of Canada, part by way of income tax, part by way of forced savings, a total of \$12.02 if he works a full week of forty-eight hours. In other words, twenty-five per cent of his earnings is taken in the form of tax and what is to be returned to him two years after peace is declared. But if that same individual works only three days during the week, and stays home the rest of the time and potters around his house or garden, he pays only eight per cent of his earnings. Working half a week he pays eight per cent; working a full week he pays twenty-five per cent, which means that in the last three days of work some forty per cent of his earnings is going into the treasury of Canada.

I leave the schedule for hon. members to study. I come now to a married man with no dependents; if he works the same number of hours for the same pay he is taxed a total of \$9.63 and he has a saving of \$4.32. In other words for the first three days he works he pays no tax or forced savings, whereas for the last three days he pays eleven per cent of his total earnings, which for the last three days is equivalent to twenty-two per cent of his earnings.

In like manner a married man with one dependent pays no tax if he works half the week, but if he works the full week he pays \$8.02 on his \$48, of which \$4.68 is savings. For the married man with no dependents the total deduction is twenty per cent. If he works three days a week he gets a dollar an hour during those three days, but for the next three days he gets about eighty cents an hour, and he does not feel happy about working while his mate is absent, or about not getting a similar return for the effort and energy he is putting into his work.

The hon. member for Waterloo North (Mr. Breithaupt) is one who is accustomed to large payrolls, and there are many others in this chamber who know what it is on Fridays to have to find many dollars for payrolls. They are worried about this matter. I hope that before the debate is over the minister will put on record the number of wage earners who are not paying any income tax or contributing to forced savings. When he does so I am of opinion that we shall find that half of the wage earners in the old standard lines of business—I am not saying so much about wartime or new industries—are not paying any income tax at all. My suggestion that the idea be considered of spreading that tax over the whole field of absentees either on a small percentage basis in the smaller brackets or on a more or less uniform percentage basis of some kind; or