

*Income Tax*

strength, not weakness. For those naive enough to believe that this is not true, I would suggest that they talk to people from Poland, East Germany, Czechoslovakia, Hungary or Afghanistan, to name just a few. The fate of these countries should serve as a constant reminder to us of the way Soviets can be trusted around a so-called negotiating table. Eternal vigilance will always be the price of freedom.

In closing, I would like to say that I think this House has benefited from the opportunity to debate this motion. I do, however, recommend that Hon. Members consider very seriously the implications of this motion and do not endorse it.

**Mr. Paul Gagnon (Calgary North):** Mr. Speaker, I listened with interest to the previous two speakers and found that I cannot support this motion because it starts off with the wrong premise. That premise is that money spent on defence is money spent on war. I do not think that can be rationalized any more than can be saying that spending a dollar on a police force is spending a dollar that will help out robbers, burglars or murderers.

I look at defence spending as an insurance policy on which we hope we will never collect. One does not buy health insurance expecting to become ill but wants the protection in case that happens. Defence spending is nothing more than an insurance policy and the people of Canada should be proud to support the buying of that insurance which protects the real estate that we call Canada.

*[Translation]*

**Mr. Claude Lanthier (Parliamentary Secretary to Minister of Finance):** Mr. Speaker, I am pleased to have this opportunity to take part in the debate and to discuss this proposal which, in my judgment, is a real challenge to the imagination. I say it is "a real challenge" because the sponsor of the motion, the Hon. Member for Cowichan-Malahat-The Islands (Mr. Manly), is challenging all of us to ask ourselves whether we are doing all we can and all that should be done to promote a peacekeeping effort all over the world.

He is also challenging us to consider the role of our defence forces and determine whether they do contribute to peacekeeping.

The motion is also very imaginative and its New Democratic Party sponsor has shown a remarkable spirit of innovation by drafting this altogether novel tax proposal.

I will try to prove in my remarks that, unfortunately, such imagination and innovation can be misleading, and that the rather novel tax structure described in the motion is very much like Pandora's box—full of unpleasant surprises for anyone who opens it.

Mr. Speaker, my Government colleagues have spoken or will eventually speak on some of the significant issues raised in this motion with respect to what is being done and what could be done to promote peace and security throughout the world.

For my part I intend to speak to the tax issues raised by the motion. I have nothing against openly supporting any legitimate effort to restore world peace, but I have serious reservations concerning the tax mechanism we should use to that end.

The wording of the motion would indicate that the Hon. Member for Cowichan-Malahat-The Islands has drawn his own conclusion, namely that maintaining defence forces does not promote peace. He would fund peace research and information organizations by using some of the tax revenues allocated to the defence budget. One must conclude that he considers that peace and defence activities do not go together, like oil and fire, and that anybody who is in favour of one kind of activities must necessarily be against the other kind.

Of course, the Hon. Member is entitled to his opinion. The rest of us are certainly entitled to have ours, different though they might be in this respect. I will show that the mechanism proposed in the motion would, in a way, leave very little choice to the taxpayers who happen to believe that maintaining our armed forces contributes to peacekeeping throughout the world. I say this because the way this tax deduction would work out we would be urging the taxpayer to hand some of his income taxes over to *bona fide* peace research organizations, and we would also be indicating quite clearly that the money should come from the defence budget.

● (1830)

It seems to me that by adopting the proposal we would be offering this kind of alternative to the taxpayer. I do not think it is a clear proposal in black and white, and that the good guys are all on one side and the bad guys on the other side. In my opinion, nothing in the income tax return should indicate that the taxpayer is either for or against defence spending and peacekeeping effort.

I am wondering why the Hon. Member for Cowichan-Malahat-The Islands did not draft his motion so as to use the traditional tax mechanism available to all Canadians who want to support public welfare organizations and who want to take advantage of tax incentives to do so. Of course, we all know this mechanism, the deduction for charitable donations. The definition of charitable organization under our tax system is wide ranging. We do not see any problem if peace research organizations were to be recognized as charitable organizations eligible for this deduction. We all know how the deduction works. If a taxpayer is assessed at a marginal rate, say 35 per cent, everytime he gives \$1 to a charitable organization the public treasury, federal or provincial, contributes 35 cents, so the taxpayer's donation amounts in fact to 65 cents.

This tax deduction for charitable donations has a long and honourable history. It is almost as old as income tax and it is almost part of it. It is a simple procedure whereby the State acknowledges the fact that any society derives benefits from the work done by charitable organizations. We find it hard to understand why such a simple procedure is not enough to