

\$1,500 he would be correct. The groups about which I am concerned are those affected by the normal tax. I believe the exemption of \$660 is too low; I think it should be raised to \$750. I believe the exemption of \$1,200 for the married man, for normal tax purposes, is too low; I think that should be raised to \$1,500. This tax is deducted at the source, and it affects everyone in the low income groups. People in that category are merely getting a subsistence at the present time, and nothing should be taken below \$1,500 and \$750, as the case may be.

This tax cannot be properly discussed without relating it to wage rates and the cost of living bonus. I am not going into the question of wage rates, but a large percentage of the workers of Canada, particularly those in the non-essential industries, have already suffered a 15·2 per cent drop in their standard of living on account of the war. They do not come under the cost of living bonus arrangement; it concerns only those employed in the war industries. There are many people who are said to be in the non-essential industries, though they are not non-essential; for if they were they would not be employed to-day, therefore I think the expression "non-essential" is misleading. They are catering to and caring for the needs of the nation in war time; they are essential, or they would not be there. Their wage rates have remained unchanged; they have not been given the benefit of the cost of living bonus, though the cost of living has increased by 15·2 per cent. They were excluded from that benefit under order in council 8253, though I understand some amendment has been made since that time, providing for some increase in the cost of living bonus over the last basic period, which was October, 1941. I think the Department of Finance should understand, with respect to this normal tax, that it affects particularly this group which already has made a sacrifice equal to a lowering of their standard of living to the extent of 15·2 per cent. I believe that situation could be overcome by increasing the exemption as I have suggested. If you cannot amend the wage-freezing regulations to take care of these people, you could give them compensation by increasing the exemptions that apply under the normal tax.

Then there is another category which I think should be considered. Last evening the *Ottawa Journal* stated that the minister was considering some adjustment in the tax arrangements affecting the married man, as well as some modification of the income tax as it applies to officers serving in Canada. I am not particularly concerned with officers

as such, but I think the tax as it applies to them at the present time is unjustifiable. I imagine that in exempting officers serving overseas, or those on ships on the Atlantic, or those in Newfoundland, and so on, the department went on the assumption that the men serving in those theatres were exposed to a certain amount of risk for which they should receive some compensation, and this tax arrangement was made accordingly. I see very little distinction or difference to-day between the officer serving on the east or west coast of Canada and the officer serving in England. They are merely standing to against the time when they shall go into action. Their duties are just as strenuous as the duties of those in the old country. It is a stand-to. They are not engaged in actual combat in either place, and the tax arrangement has placed the lower ranking officers, from captain and lieutenant down, in the position where some will revert back to the ranks in order to get clear of this burden. I have a letter from a man on one of the coasts who resigned his commission two weeks ago on the ground that if he reverted to the rank of warrant officer it would result in enhancing his financial position.

I submit that there should be some readjustment with respect to officers, and I was waiting for the minister to say something in that regard. If the *Journal* is correct, I submit that the minister should make a statement to offset the impression that exists. These are two categories that are discriminated against. The question of risk should not be taken into consideration. A man may be in action on the east coast or the west coast before a man goes into action in the old country. Men who are on the naval patrol boats on the coast are exempt, and so are the officers on the training ships off the harbours. But the officer who is responsible for organizing the defences on the coasts, working twelve and fourteen hours a day—and most of these men work such long hours—are obliged to pay income tax and therefore suffer a considerable cut in their pay. These two matters should be rectified.

There is another point that should be considered. As regards the return of hospital expenses, that is a justifiable arrangement, and there is a group of workers in Canada in most of the plants who come within this category. They maintain insurance schemes of their own. They contribute to the maintenance of benevolent associations, hospital protection and so on, and doctors' fees. They are making a contribution of perhaps ten dollars a month maintaining these services for themselves. In the event of sickness or surgical operation they