

Financial Administration

particularly when corporation taxation in some places has now reached something more than the 50 per cent level. I suggest it is not good economy and it is not helping to meet inflation to have these enormously high taxes. They serve merely to increase the final cost of the end product to the consumer.

However, that was not the case I wished to bring to the attention of the parliamentary assistant. What I wished to make clear is the matter of double taxation of taxpayers who pay municipal taxes. I have brought this to the attention of the government before and I do so again in the hope that some consideration will be given to the matter when the budget is under review by the Department of Finance.

At the present time municipal taxation is increasing at an enormously rapid rate. That taxation is imposed on the one security many people have, their house and home. It is being levied, not on the fairer principle of ability to pay but on the capital value of the taxpayer's home and property. If a man's income goes down, he pays less income tax, but so long as he lives in a house, the taxes on that house go up as the expenditures of the municipality increase. I consider that the fundamental security of the average Canadian is his house and home and every effort should be made to maintain that security. Therefore, I make this suggestion to the department that in the next budget provision be made to allow taxes paid to a municipality on the taxpayer's dwelling as a deduction from income for tax purposes.

Mr. Sinclair: The taxation policy of the government has nothing to do with this bill. That would be covered by the income tax bill and that would be the appropriate place to raise it. This section 9 has been in the act since confederation and it merely provides that the minister shall be responsible for the handling of the consolidated revenue fund. I think that if we are going to get this bill through we should confine ourselves to the actual sections.

Mr. Adamson: I simply wanted to draw this to the attention of the minister as we will not have another opportunity during this session to discuss it. It is a matter of great urgency in the country today and I repeat my suggestion that not only municipal taxation, but taxation for educational purposes, be allowed as a deduction from income. I realize that perhaps this should not be brought up under this bill but I crave the indulgence of the committee to bring it to the attention of the minister because it is of immediate and urgent importance and has a great bearing on the well-being of the country.

[Mr. Adamson.]

Section agreed to.

Sections 10 to 16 inclusive agreed to.

On section 17—*Minister may acquire securities.*

Mr. Macdonnell (Greenwood): If I may have the indulgence of the committee I should like to ask the parliamentary assistant a question with regard to section 7, subsection (e). I ask him to consider whether the words "the public service" are not unnecessary and whether the words "of public moneys" would not meet the point raised by the hon. member for Calgary East. I do not press this further at the moment; I simply ask the parliamentary assistant to consider it and perhaps he can let me know his conclusions later on.

In connection with section 17, I may say that we had a rather interesting discussion in the committee, particularly with regard to the management of public money. It seems to me that there has been some unwillingness to use words accurately in the department. We had a discussion in the committee on the question of supporting the bond market. From an interesting statement made by one member of the staff it became quite clear that during the war years the government, either directly or through the bank, bought and sold bonds to the value of some \$2,700 million. I think everyone understood and no one criticized the reason for doing that. In order to maintain its securities in public favour and promote the sale of future securities the government had to concern itself with the status of the bond market.

I mention that because there is a great unwillingness now to use the word "support". Even as sensible a man as the minister backed away a little from the use of the word "support", although I shall quote his own words in a moment or two to indicate that he used several words where the simple word "support" would have done. I do this because this is an important matter and it is most desirable that we should have a clear understanding of these things. Otherwise we shall all be fooled and the public will be irritated. Of course, the public is irritated at the moment because a lot of them believed and, as I have said in this house before, were led to believe that somehow, if they bought a 3 per cent government bond at say par or better, it would not go below par.

A responsible member of the financial community once said that to me. I said to him, "Why cannot they go below par?" He said, "Because Mr. Ilsley said they would not." The parliamentary assistant shakes his head. I am not going to charge Mr. Ilsley with saying that—I am sure he did not say it—I am