

the minister a certain source of satisfaction to announce an encouraging budget and a surplus. During the debate we have heard the minister criticized for announcing a surplus, it being described as blood money and taken from the taxpayers of this country, inflicting great hardship. It would be interesting, however, to know what the opposition would have had to offer if the Minister of Finance had declared a large deficit rather than a surplus. I have little doubt that such a circumstance would have given a better opportunity for constructive criticism, and full advantage would no doubt have been taken.

The changes in taxation in the budget is the portion upon which the greater part of the debate has centred. To many it appears displeasing; to many others it is acclaimed as a popular budget, when it is considered that nine out of every ten taxpayers in the country will receive a reduction of twenty-nine per cent, and in the lower brackets in some cases the reduction is as much as fifty-four per cent. Since 1942 the total reduction in personal income tax is fifty-one per cent, which I look upon as an enormous reduction. For the year 1947, if we take into consideration six months at the present rate and six months at the new rate, a married man with two children with an income of \$2,000 a year will pay a tax of \$52. The tax for a full year under the new rate would be \$36. It would be difficult, I believe, to convince the Canadian people that the rate of tax charged on this income is unreasonable. I would make one other comparison which, to me, is interesting, perhaps owing to the fact that I live on the United States border. A married taxpayer with no children, with an income of \$2,000, would pay, under the new rate for 1948 an income tax of \$70. In the United States, under the new reduced rates passed by the house of representatives, the tax on \$2,000 would be \$106. At the present time it is \$152, and most of the states in the union have a state income tax in addition to the federal tax.

During the budget debate in 1945-46 and no doubt in other years as well, on many occasions hon. members of the opposition brought to the attention of the house the difference the Canadian income taxpayers were obliged to pay in comparison with the United States and other countries. It is noticeable that during this debate no comparisons have been made in this respect, which would indicate that the tax levied on incomes in Canada was satisfactory in comparison with taxes levied in other countries. An

improved condition such as this is worthy of commendation, but obviously it has received little publicity during the debate this year.

Another thing which I believe took much of the sting out of the debate was the fact that just recently the leader of the opposition (Mr. Bracken) suggested that the income tax in this country should be reduced by 33½ per cent. When the reduction of twenty-nine per cent was made the margin between that suggested by the leader of the opposition and the actual reduction which we shall receive left little material for honest criticism. Here I should like to read a letter from a citizen of the United States, which was taken from the *Ottawa Citizen* of May 6. It is addressed to the editor and is a tribute from the United States to Canada. It reads as follows:

To the Editor of the "Citizen"

Having been born in Ottawa and having been a resident for almost twenty years until a few years ago, I still hold Canada very close to my heart. My husband and I regularly go up to the Boston public library to read the *Ottawa Evening Citizen*, and I have always noted the numerous letters from people complaining of the poor state of affairs that exists in Canada as compared with the United States. It is very seldom that an American because of his great pride in his wonderful country will admit to United States deficiency as compared with another country; this is why I send along a clipping from the *Boston Traveller* in which it is pointed out—

And this is the clipping:

"Canada's economic record through the war was extraordinarily fine. Its excellence did not have to be established by comparison with our own. The Canadians kept production costs under control, kept the cost of living down, avoided the OPA debacle and did their full share in the war without turning everything topsy-turvy at home . . . If the Canadians can make ends meet, with social programmes in many cases more advanced than our own, and can cut income tax nearly thirty per cent, is there any earthly reason why this country cannot do at least half as well as Canada? What is there about that imaginary boundary line which makes a real difference?"

So you at home may be proud of good old "Canuck land" and of the men who have given Canada a record praised and envied by other countries.

Mrs. Charles S. Kennedy.

Another matter I wish to discuss briefly is that portion of the debate that explained little, and I refer to tariff negotiations taking place at Geneva at the present time which are of great importance to this country. I should like to quote a short paragraph from the statement of the Minister of Finance, which appears at page 2560 of *Hansard*:

I have already referred to the tariff negotiations now taking place in Geneva. These are of the greatest importance to Canada. We hope