

Income War Tax Act

Mr. Towers' reply was:

As the debts of the government are an asset of the Canadian people I do not see much point in the thing, except that, to the extent that the government thinks that the distribution of those assets of the Canadian people—which are its debt—is unsatisfactory, it may take steps to remedy that distribution in any way that lies within the legislative power; in fact, in any way, I suppose—by income tax or succession duties or any other action it cares to take.

Generally speaking, I would agree with that statement. So long as we have made up our minds to continue under the debt-creating system, then national debt can be looked upon as a national asset so long as you have an equitable distribution of that debt. If everyone had the same amount, so that he would have an asset to balance the liability, everyone would be taxed to pay a similar amount to that which he received. Exactly the same thing could be accomplished by wiping the whole thing out.

Unfortunately that is not the situation in Canada. A comparatively small number of people own that national debt which is said to be a national asset. Therefore those few people receive the interest on that debt, while the whole of the people of Canada have to be taxed to pay it. In other words, it is a levy on the whole of the people of Canada in order to pay a comparatively few. This budget makes no attempt whatsoever to rectify that condition.

Let me give a few examples of what might be done. People in the low income brackets should, in my opinion, have the total amount of their tax refunded; single people up to, say \$1,000; married people up to, say \$1,500 should have the total amount of the tax refunded, thereby giving them a share of this national debt. Where wages are frozen at low levels the wages could be increased in the form of deferred savings, thereby giving those people a share of the national debt. When prices of primary products were frozen at a level below cost of production, the difference between the prices received and the parity price could be made up by war savings certificates, thereby giving the farmers of this country a share of the national debt. If we are going to look upon the national debt as a national asset, surely it is high time we did everything in our power to bring about a fairer distribution of that debt which some people refer to as an asset.

The ACTING CHAIRMAN (Mr. Ross, Calgary East): The hon. member's time has expired.

Mr. CHURCH: I rise to say something on behalf of the main income tax paying city in the Dominion of Canada, a city which in the

[Mr. Quelch.]

years before the war paid between 28 and 29 per cent of the total income tax payments of this country. I have a great deal of respect for the hon. gentlemen to my left. They are a very sincere body of men; they have a right to express their views as they have done on many occasions, and they present their case with some ability.

Let us look at the facts of this budget. Since this income tax resolution has been reached, there has been nothing but a hymn of praise and a hallelujah chorus for the budget. I am one who believes that criticism of the budget is a wise and sensible course to pursue. I do not believe the present Minister of Finance (Mr. Ilsley) is going to make any cuckoo-land out of this country by his budget. Far from it. I come from a city where I saw the sufferings during the last war and this and the long depression among industrial workers. Toronto sent nearly 56,000 men to the great war, and then along came depression and another war. I represent an industrial riding of an industrial city and a city which stands at the top in the dominion as far as payment of taxation goes.

Let us look at some of the principles on which this budget is founded, particularly the income tax part. The minister made a very strong appeal last night in connection with inflation. I say to him that before the people of Canada get through with this budget and with all the boards of control the government have appointed over parliament's head they will have inflation. What is inflation? The high cost of living in war which affects the working class of the country is popularly called inflation by some, although technically it is not. There are many phases and types of it. Speaking as a citizen I wish to say something about the way in which orthodox principles have been upset, not only in finance but in taxation and everything else, by the present Minister of Finance and by the government since this war started. There is nothing orthodox left in our land or any land in the world to-day, either in military affairs on land, sea, in the air or in anything else. The people of Germany believed might is right, but I believe that is wrong. Might plus right is right in my opinion. If we do not win this war, all our talk on inflation and budgets is unimportant. The war is Canada's only business until it is won.

What is the present policy of the government? Canada is no doubt the highest taxed country in the world. We have overgovernment and overtaxation by different bodies, dominion, provincial and municipal, carved out by the fathers of confederation for political, not economic purposes, with the