

say that the anomalies found therein are due to an attempt to correct previous wrongs. So I thought I would look at the rate of increase in the new structure. It will be perfectly clear to hon. members when they look at these tables that the grading up of the rates was steeper under the old system than it will be under the new. In other words, the rate of increase has been slightly levelled off, whereas we contend that as you get up into the higher brackets, the grading should become more and more steep.

My fourth table is made up from figures given by the Minister of Finance but they do not appear in the two tables to which I have referred. This is entitled, "Comparison of rates of income taxation on taxable income in the nearest comparable brackets as between 1941 and 1947." What I have done in this table is to set down in the 1947 column the rates that apply on taxable income according to the budget now before us. In the 1941 column I have set down the rates that applied on taxable income in that year.

My reasons for selecting 1941 to compare with 1947 are several, but the main one is that it was the only year with which one could make an exact comparison because in the years in between we did not have the \$750 and \$1,500 exemption level. Instead, we had a \$660 exemption level, and then allowances were given by deductions from the tax payable for a wife or children. We are now back to a basis which is comparable with that of 1941. The only difference is that in 1941 we had two taxes, the graduated tax and the national defence tax. I have added the average amount of the national defence tax payable in 1941, namely, $3\frac{1}{2}$ per cent, to each of the rates in the different brackets.

An interesting thing that develops from this table is that in the brackets from zero up to \$3,000 of taxable income, the rates in 1947 are greater in all cases than were the rates in 1941. For example, in 1941 the rate for the first \$1,000 was $18\frac{1}{2}$ per cent. It is now 22 per cent for the first \$250, and 25 per cent for the remainder of the first \$1,000. So it goes right on up to \$3,000; the rate to be applied under the new budget in each case in these lower brackets is greater than it was in 1941. But from \$3,000 to \$30,000 the rates to be applied in 1947 are in all cases less than those that were applied in the year 1941.

The picture changes slightly between \$30,000 to somewhere around \$100,000 to \$150,000, but in the topmost bracket the rate will again be less in 1947 than it was in 1941.

I might add that 1941 was not the year of the highest income tax rates. I chose that year for the reasons I have already given.

Actually it was 1943 that we reached our peak in income tax rates. They went higher in that year for all the brackets, both the lower and the higher. When one compares the rates in 1943 with those in 1947, the brackets from \$30,000 up are afforded substantial relief, namely, 17 per cent. For example, the rate was 77 per cent on incomes between \$30,000 and \$50,000 in 1943, and it is now 60 per cent.

I have worked out the table and presented those figures to the house for two reasons: first of all, to show that the budget proposals now before us afford much greater relief for those in the higher brackets than they do for those in the lower brackets. My other reason for presenting those figures is to support the statement I made when I first rose to my feet; namely, that the minister cannot claim that he is unable to get sufficient revenue without dipping into the lower brackets the way he does in this budget so long as he gives this kind of relief to those in the upper income brackets. If he were really interested in seeing that an adequate minimum amount was free from taxation he should first of all have maintained or even increased the rates on the upper brackets, and only after he had done that would he have any right to dip down as he has done into the lower brackets.

Another reply that might be made by the minister could be that the 1941 rates to which I have referred did not produce in that year the amount of revenue he now needs. I have looked into that, and I find that compared with the gross national product of that year, the total amount of revenue that was obtained from those rates in the fiscal year 1941-42 was not far out proportionately from the revenue that he expects in a full year under these new rates. So I suggest to the minister, accepting the challenge that we who claim that the exemption levels should be higher should have some concrete suggestions to make, not that the sales tax should be extended as was proposed by an hon. gentleman to my right the other night, but that the exemption levels should be raised to \$1,000 and \$2,000 respectively; that the rates between \$2,000 and \$3,000 could have been slightly lowered, and that the rates between, say \$3,000 and \$15,000 or \$20,000 might have been left where they were, but that from \$20,000 up the rates should have been restored to what they were in 1943. Only after that, if a mathematical computation showed a deficit in the revenue required from personal income taxes, should the minister have thought of going as he has done into the lower brackets.