

*Income Tax Act*

the little ones would be in trouble. Let us take a hard look at what we are doing before we pass damaging taxation laws which will hurt these people. Let the government not forget that it has sponsored and encouraged the co-op movement among the Indian and Eskimo peoples of our country. Now we find this iniquitous piece of legislation which is going to damage that whole program.

There are other aspects of this bill that I would like to talk about, but I will not take time to do so at this point. However, before I conclude I wish to refer to student exemptions. It seems to me that a student who is attending a registered university or college should be completely exempt from taxation until he or she has completed the full course of education and taken a proper place in the work force of the country. It is difficult to understand a policy which provides student loans so that people may continue their post-secondary education and yet at the same time taxes those people on the summer earnings they have accumulated to try to maintain themselves in college. Something is wrong here, Mr. Speaker. The amount of tax revenue derived from such income, compared with the total tax revenue of this nation, would be a mere pittance. Let us give the students a break.

Not only is the economic aspect of it disheartening to the young person who works hard to earn money and then finds he must give part of it back to the government coffers, but it is also demoralizing to him. He is prompted to ask: What is the use of working? He is prompted to say: Let society keep me. Let them put me through college. I believe that taxation should not apply to students who are earning their own way through college. Such tax relief would give them some incentive.

**Mr. Robert McCleave (Halifax-East Hants):** Mr. Speaker, I appreciate the opportunity to take part in this debate. It brings us closer to the end of this particular road, and perhaps not too soon, because if the debate on tax reform and all the documents which accompany that reform continues for even two more years we will have to build a 20-storey skyscraper in Ottawa to accommodate just the mere words, let alone the Members of Parliament who are being hemmed in their offices by what they are receiving in their daily mail.

The fight for tax reform started a considerable time back. I suppose the peaks of it were the decision by the Diefenbaker government to appoint the Carter royal commission and the other events with which most of us in this chamber are familiar, in particular the presentation of the white paper by the government, the studies made of it by the finance committee of this chamber, the finance committee of the other chamber and then the presentation of the budget.

I do not think that the presentation of the budget, for reasons I will go into briefly, was the end of the trail so far as tax reform is concerned. I say this because as some of us see it, in particular the last speaker with his eloquence about co-ops and credit unions and others who took part in the debate earlier, there are cases where we have to examine carefully the minutiae put before us in such cumbersome form by the Minister of Finance (Mr. Benson).

In dealing with the problem of what is a fair tax system we have to consider two or three questions. These are the

[Mr. Knowles (Norfolk-Haldimand).]

questions that I would ask myself: What social objectives do you consider? What do you do in taxation when you deal with those whose income earning may take place rather late in life? The last speaker mentioned those who go to university. I am thinking particularly of doctors. I know of doctors who have gone well into their twenty-seventh year, and some beyond their thirtieth year, in getting their education. I admit that certain economic advantages may come to them rather quickly and rather bountifully after that, but this should not make us indifferent to the fact that for many of them there has been a great deal of sacrifice over a long period of time.

But even before the doctors and people in the category—the long learners, if I may call them that—I put those who are under certain disadvantages in today's society, in particular the old people, those who are not able to earn, who are not really able to fight the inflation that has hit all of us, who come to the end of their days having given their all to Canada and who suddenly find there are new challenges which they are totally or partially unable to meet. If you are to have a fair tax system you must consider that old people deserve special consideration when you are making out the formula. Then there are those who are physically and mentally disabled. They have to be considered as well.

I would like to think that in making out the exemptions, which are the very heart of our tax system, we would pay more regard to the poverty level that our social scientists now talk about. I mention this because when you see exemptions continuing at a certain level for over a decade, particularly in the period of inflation since the end of World War II, you know that things do get out of joint. We also know that the people who save are least able to fight against inflation. I should like to see an income tax law eventually framed so that the poverty level would be the exemption rather than some arbitrary figure. In other words, I should like to see more flexibility, which the measure we are considering does not have. I shall have more to say about that matter when we get into the question of the exemptions provided in the bill, Mr. Speaker.

• (5:50 p.m.)

There are those with special responsibilities in the work force, such as women. This question has been well researched by the Royal Commission on the Status of Women, I admit, and they do not lack champions. However, one has to ask whether the formula contained in this proposed legislation is proper, or whether it should not be more generous and complete. Perhaps this is a matter of detail but it is important detail because the number of women taking part in the economic life of this nation will increase.

When one sits down to frame legislation, the economic objectives of taxation are important. As an example, there is large-scale exploration for oil in the province of Nova Scotia. It is known to be there and it has been brought up from subterranean sources, but so far there has been no public indication of how vast and exploitable these resources may be. It is something to find oil and to give an incentive to the companies that look for it, but it is something else to have that oil brought ashore and used in a commercial process.