

Income Tax Act

Mr. Deputy Speaker: The Chair was listening very carefully during the minister's speech, and it appeared that her remarks were relevant to provisions of the bill.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, first may I say that as a result of Madam Speaker's ruling the House is proceeding under Part II of the bill, that we will expect to see printed a new bill from which Part I will have been expunged, and that we are deemed and recognized at this time to be proceeding under Part II only. I think this is quite well understood.

The debate has changed dramatically since that time because I can say that 60 per cent of my speeches had to be set aside for some other date because, as we remember, last year when there was a borrowing authority bill here, it was debated possibly ten or 12 days, and everything under the sun, including the kitchen sink, was discussed ad nauseam prior to the byelection of November 16 or 18 or thereabouts. The bill was used purely as an electoral platform in the ridings involved, and the televising of the debates in this House was used in that connection.

However, we can now return to a much more relevant debate. I personally have found it very difficult to understand how the government was putting both its feet into its mouth by including Part I in this particular bill, which could have taken 20 days to pass, bearing in mind that it incorporated the economy as a whole under the government's own definition last year. The government would be hard put to say otherwise this year. Second, this bill invites extensive discussion of the energy policy brought about by certain changes in the Income Tax Act to implement certain parts of that energy policy.

I promised this busy minister that I would talk about consideration of the incomes of spouses and their taxability, and the consideration of spouses working in family businesses to be separate taxpayers. I invite the minister to read the debates on the tax reform which came into force in 1972 just before the hon. lady came into this House, because she will see that on many occasions when I was spokesman for the opposition with respect to income tax bills and these particular provisions, I insisted that we either consider, as they do in California, at the option of the taxpayer, the filing of joint returns, or that wives who are bookkeepers, telephone secretaries or what have you for two-man plastering firms or trucking firms, should be paid salaries like any other people.

● (1600)

I do not want to offend the hon. lady because I offended her once before by using a phrase that was somewhat on the crude side. Under the Income Tax Act it was cheaper to hire one's mistress than to hire one's wife. There were many areas of discrimination. To make my point I can use the example of the little Chinese corner store which is in my constituency, the little restaurant. We had the silly situation of the spouse of the proprietor of restaurant A working for the proprietor of restaurant B, while Mrs. B was working for Mr. A.

[*Translation*]

What utter nonsense!

[*English*]

But if the minister will go to her former colleague, who is now president of the Canadian Transport Commission and who was then minister of finance, and to the then minister of state for finance, who is now a member of the Federal Court, she will find out about the arguments that were used against me, both in Finance and in National Revenue. The tame majority on her side of the House obediently voted me and my colleagues down. We had no chance. What she is acknowledging today was honestly put forward ten years ago.

Mr. Blenkarn: Finally, they are accepting our wisdom. Finally they understand.

Mr. Deputy Speaker: Order, please. The hon. member for Edmonton West (Mr. Lambert) has the floor.

Mr. Lambert: Thank you, Mr. Speaker. I do not know, but it seems to me that perhaps I preceded the commission in my submissions. I do not know that the commission reported before 1970. In any event, this has always struck me as something that was rather strange having had contact with my many Chinese friends in Edmonton who are in these little businesses, as well as with my Lebanese friends. I am referring to the "Ma and Pa" stores. But then I look beyond that, at the little country firm, the plastering company, the plumber's company, the country lawyer, doctor or dentist, those whose wives may be nurse-receptionists but whom it is immaterial to pay, except that it is a gratuity which the husband would be giving her. There would be no advantage to paying her.

Of course we must realize that there will be formalities. There will have to be a regular salary which will be agreed to; there will have to be deductions by the husband, and remissions to the Minister of National Revenue for monthly instalments of income tax deductions at source, for Canada Pension Plan and for unemployment insurance. The amount of paper work will appal these families, particularly if, in addition to that, they would have to hire a babysitter and then claim expenditure for child care. The paper work makes one wonder whether it is worth the candle.

However, I should like to point out one case to the minister. I have found in my practice as lawyer and as member of Parliament that former spouses have come to me and said, "What kind of damn fool arrangement am I in now? I was married, I have two children, my former husband lives in X. By reason of the court order, he pays me \$500 a month, that is so much for support of the children and so much in monthly payments on the house which we own jointly as long as I live there. We have a joint tenancy. He is able, by reason of the fact that it is a court order, either under a judicial separation or under a divorce, to get that payment to me deducted from his gross income. It is entirely charged to me because I have the care of the children, but I am paying also"—and here is, frankly, where her lawyer is a mug—"income tax on the principal, interest and taxes on the house". The husband, who