

soldier to become rehabilitated; that is certainly the responsibility of the government. This plan of compulsory savings, on the other hand, is the civilian's way of helping himself to become rehabilitated after the war, and I would argue just the opposite way to the hon. member for Carleton—that the refundable portion should not be charged against the soldier.

Mr. MACDONALD (Brantford City): I would associate myself with the hon. member for Vancouver South in that regard.

Mr. LEDUC: Nobody has more sympathy than I have for the rank and file of the soldiers who are in uniform, but I quite agree with the leader of the opposition in the remark he made this afternoon about these men holding office here in Ottawa. I do not know how many there are. I know some people who have been working here in Ottawa ever since the beginning of the war. They are wearing uniforms, and we do not know for whom we should have respect. It is about time we should know whether a man is an impostor or not.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. ROSS (St. Paul's): I should like to say a word as to the officers. It is all very well to say that these officers should not pay any income tax, but I do not see why they should be treated differently from warrant officers. A warrant officer class B has a net income of \$2,167.25: living allowance, \$480; trade pay, \$263.75; salary, \$1,423.50.

An hon. MEMBER: How many warrant officers are there in the army?

Mr. ROSS (St. Paul's): I do not know, but why should you stop at a warrant officer; why should you not tax him just as you do a lieutenant? A second lieutenant gets \$1,551.25 plus separation allowance of \$540; his tax is \$470. Therefore, he has a net income of \$1,620. The difference is between \$2,167 and \$1,620. You can go all up the line. Take a lieutenant, his net income is \$1,773.60. He receives \$1,825 pay and \$540 separation allowance, and the tax amounts to \$591.

A captain gets \$2,372.50, plus separation allowance of \$600. His tax amounts to \$871, leaving his net income \$2,101.50.

The least that I think should be done is that the separation allowance should be free from tax. All these officers are willing to go over-

[Mr. Green.]

seas. Not only that; a great many of them are separated from their families; in many cases they have to maintain two homes, and the separation allowance is hardly adequate at the best. In addition, the officer has to contribute to the cost and upkeep of his mess. Yet he has to pay 70 cents a day income tax.

Let us take some other men in the service. Take our dollar-a-year men. They can deduct all their expenses, while the man in the army cannot. Men who for various reasons are put in the army cannot deduct any living allowance. When the war is over, the man who is in the army is going to be at a tremendous disadvantage when he comes back into civilian competition. It seems to me that in all fairness he ought to have some opportunity to build up something for the future.

I have a letter from an officer who says:

Most of the officers known to me have taken advantage of the generous offer by the banks and borrowed the money from them and paid last year's tax in full and face the twelve monthly payments from March, 1941, to March, 1942. In most cases we have assigned pay to our wives as pay cannot be assigned directly to the bank. If the finance department start taxing our pay at the source next September most of us will be most seriously embarrassed. There are very few officers that I know that have not scaled their living down to the limit and most that I talk to are seriously considering applying for permission to leave the service as they feel they cannot carry on.

Many of them have commitments for war bonds and war savings stamps. I do not say that they should have total exemption, but there should be some way of getting them some exemption, something that is free from taxation. I hope the minister will give this matter his closest consideration.

Mr. HANSON (York-Sunbury): The amendment refers only to earned income?

Mr. ILSLEY: Of married women, yes.

Mr. KUHL: Just a few words by way of relating the necessity of this increase and these imposts to fundamentals. The other day the Minister of Finance, in replying to the hon. member for Parry Sound, made this statement:

We are talking about realities. This is not a question of money at all; it is a question of things and people. It is elemental. We are just confusing it if we think it is a question of money.

I wish to say a few words from the point of view of realities. The minister, as the financial adviser to the government, the government as a whole, and the country as a whole, would make a great deal more progress if the minister actually carried out the ideas implied in that statement. He seems to imply there that, after all, money is