

Income Tax Act

has to be condemned out of hand. No government in a modern age has the right to put on this kind of tax, let alone try to tell us that it is progressive.

● (3:40 p.m.)

One of the arguments that the minister used last night was that there are one or two precedents for it. Of course there are precedents for it, but that does not mean they are good precedents. The old age security tax is established on the basis of 4 per cent on individuals who have up to the level of \$6,000 of taxable income. Does the fact that it is there make it a precedent that is worth following? The fact of the matter is that from the day these taxes were put on for old age security, first at a \$3,000 cut-off point, later at a \$6,000 cut-off point, we were saying that it is a regressive form of taxation and that it should not be continued. We have argued from the very day it was brought in that if we are going to collect a special tax for old age security it should be a graduated rate, but at least if it is a flat rate it should be the same rate all the way up to the top dollar that the wealthy and the millionaires may make. So it is no precedent so far as we are concerned. It was a mistake in the first place.

The minister also cited the Canada Pension Plan where he suggested that a cut-off is justified because the premiums are related to income. May I point out that the cut-off in the Canada Pension Plan of the amount on which you pay carries with it the penalty of not being able to get a Canada Pension Plan benefit related to the higher incomes that people make. I am not even defending that scheme down the line, although in my view the plan is a pretty good one. However, it has no relevance to a form of general taxation such as we have now before us. Who knows what we are going to get in tonight's budget, but at some future time another of these taxes will be imposed that puts the burden on the poor and lets the rich off scot free, and we will be told that there is a precedent for it. We will be told, "we did it for old age security and we did it for social development, so therefore it is a good thing. The people of Canada have not risen up in revolt, therefore we can do it again".

We think that the time to stop this kind of taxing is right now before it goes any farther. I should like to say that people find it passing strange that the government can so easily and so blithely impose these taxes and collect hundreds of millions of dollars from the little people—because that is where most of this \$400 million will come from—and then turn

[Mr. Knowles (Winnipeg North Centre).]

around and give \$80 million back to the automobile manufacturers of this country. I am sure that my mail and the mail of my colleagues is not unique. I am sure that members in all quarters of the house are getting protests from all over this country about the way in which the government was able to do that. "It was a technicality", said the Minister of Industry, Trade and Commerce (Mr. Pepin). He wanted to help the automobile manufacturers, and this technicality of their having to pay \$80 million in tax stood in the way, so he wanted to help them out and the government forgave them this money under the Financial Administration Act. I still agree with the Auditor General that the government had no right to interpret the Financial Administration Act in that way. Even if the government could establish legal authority for doing this, I say it is disgraceful for a government to hand out \$80 million to the automobile manufacturers and then to turn around and say to old age pensioners with an income of just over \$1,100 that they shall have to pay an extra 2 per cent social development tax on the few dollars the government has given them to bring them up to a guaranteed level.

Some hon. Members: Shame, shame.

Mr. Knowles (Winnipeg North Centre): I wonder what it is about the \$80 million that mesmerizes the Liberals. I have been here longer than some of them, but one does not have to have been here very long to remember another \$80 million story back in 1956. At that time there was in the government a man of great power, namely, the late Right Hon. C. D. Howe, who made a deal with a certain pipeline corporation according to which the government would make a loan of \$80 million to that corporation by a certain day. In the same session we were trying to get something for the old age pensioners of this country, but we got nothing that year. The next year there was an election and we got \$6 a month for the old age pensioners, an addition on top of the \$40 that was then being paid. That was the action of the Liberals in 1956 and 1957—the six buck boys. The pensioners got \$6 a month, and the pipeline company got \$80 million.

Mr. Stanfield: It is the same old gang.

Mr. Knowles (Winnipeg North Centre): Now again it is \$80 million for the automobile manufacturers, but not even six bucks for the old age pensioners. No, it takes away by-