

Mr. ILSLEY: That is the penalty, is it not? Just as surely as human nature is what it is, if you put it entirely within the hands of people to estimate the four instalments, one due March 31 and the others due at three month intervals thereafter, and impose no penalty whatever for an underestimate, they would read it over and say, "Let us make it plenty low." They could even make it practically nothing, and there would be no penalty; they would pay the whole thing on December 31. Is the objection that interest is charged?

Mr. HANSON (York-Sunbury): No, I do not object to that. Let me put this case to the minister, just as an example. Suppose I own 10,000 shares of Canadian Pacific Railway stock, which I do not; and suppose the Canadian Pacific pays a good dividend this year, which I hope it will, though it may not—for years it did not pay a dividend at all. Suppose the dividend on those 10,000 shares of stock comes to me in 1943; because I had not taken that into account when I prepared the estimate of my income on March 31, I am subject to a penalty. It just does not add up; it has no common sense; it is unjust; it is not British justice. I could go on ad infinitum calling it names, but I will stop now.

Mr. ILSLEY: I thought from hearing the hon. gentleman that there had been some utterance *in terrorem* appended to this document, but all I find is "interest is payable in respect of late or insufficient payments."

Mr. HANSON (York-Sunbury): Is there not a penalty clause? I read somewhere, in some document I had, that if you underestimated your income you were liable to a penalty.

Mr. ILSLEY: That is the interest.

Mr. HANSON (York-Sunbury): It did not say that in the document I read.

Mr. ILSLEY: That is a penalty, in a sense. Here is this terrible scandal—

Mr. HANSON (York-Sunbury): If you make an underestimate it is a false return, and then you are liable to a penalty in addition to the interest. There is a penalty for an underestimate, which is set out in some document I have seen.

Mr. ILSLEY: Then the hon. gentleman had better bring the document here. This is all I can find, and this is what the hon. member for Essex East is complaining about—"Interest is payable in respect of late or insufficient payments."

[Mr. R. B. Hanson.]

Mr. CHURCH: I agree with your ruling, Mr. Chairman; I think it would be better if we stick to the resolution, which I believe acknowledges the dead hand of treasury control. What is the point to be considered? What is to be taken as earned income? Suppose a man receives an income of about \$3,000; you must consider the cause and effect of the earned income, and you must consider this taxation which really amounts to confiscation. You must consider what has to be done with the earned income of a taxpayer in the lower brackets. He must pay insurance, mortgage, sales tax, real estate taxes, and all the rest of it. He cannot get a house now; the rents are so high they are prohibitive. People with children are living in basements and all that sort of thing. Yet we sit here considering resolutions included in the minister's budget, and we cannot change one line of them. This committee might just as well adopt the whole budget, *holus-bolus*, because under our system if one line is changed against the will of the minister, under the principle of responsible government he must resign. What about the merits of the earned income? Look at what the Prime Minister is proposing to-day. We have been talking about the paradise to come, from the cradle to the grave, and all that sort of thing, but it will never come about. Sir Kingsley Wood said the same thing in bringing down his budget in the United Kingdom. He said there was no use promising the people anything but a hard road to travel in the years to come, because of the taxation system made necessary by this terrible war.

I think we must admit that there is no such thing as earned income. Why, to-day \$6,000 will not go as far as \$3,000 went a year or two ago, and what is to happen? It will simply mean that the population of the country will decrease. We have school boards all over the country complaining that they cannot continue to educate the children because they have no money and the children are not able to get enough food. They have had to establish facilities in schools all over the country to give children milk and bread in the middle of the day, for some children who come to school almost starving. No budget should legislate against human nature but that is what we are doing here to-day. The minister may pass these resolutions as quickly as he likes; the quicker the better, because in my opinion the working people of this country will regard this as the most unpopular budget we have ever seen, for its lack of family exemptions. We have in this house members of the medical profession who can speak of the harmful effects of poor housing conditions, the effect of