

## ELECTION CAMPAIGN

Three of the four main speakers on last week's political telecasts focussed their attention on the tax policies of the federal government. Finance Minister Walter Harris was spokesman for the Liberal Party, which is seeking a return to power in the June 10 general election, and the views of the three other parties were presented by their leaders, Mr. John Diefenbaker, Progressive Conservative, Mr. M. J. Coldwell, CCF, and Mr. Solon Low, Social Credit.

The Liberal Cabinet Minister dealt with federal-provincial tax-sharing arrangements, whose object, he said, is to provide stable provincial revenues which will enable all the provinces to provide a Canadian standard of provincial services without punitive taxation. Mr. Harris termed the present tax-sharing plan "the best plan yet devised for dividing revenues fairly between the federal and provincial authorities". In further reference to federal tax policies, Mr. Harris said "since the last election we have not had to increase any taxes. We have taken care of the expanding needs of the country, including very heavy defence expenditures, and at the same time reduced tax rates which applied to present circumstances amount to a reduction in taxes of \$475 million a year. And we have also reduced the net debt of Canada by \$165 million." Mr. Harris went on to enumerate the many ways in which federal expenditures had been increased to enable progress to be continued, and said that the expanded economy and larger population had enabled the government to increase expenditures without raising the tax level.

Mr. Diefenbaker, Progressive Conservative leader, predicting a Progressive Conservative victory in the forthcoming provincial election in Manitoba, said that today three Canadian provinces--Ontario, New Brunswick, and Nova Scotia--have Conservative premiers, and that more than six and a half million Canadians live in these provinces, compared to just over one million in the three provinces under Liberal administration. Mr. Diefenbaker said there is a national trend toward the Progressive Conservative Party, that there has been a protest at the provincial level against the one-party domination "which has developed so alarmingly during the last 22 years of Liberal rule in Ottawa", and that the national party was being called upon by the people of Canada "to voice their protest against arrogance in office, the concentration of power by over-taxation, the denial of basic democratic rights, and callous disregard for the needs, hopes, and aspirations of all who fall into their power". The speaker appealed

to Canadians "to unite with us of the Conservative Party in this crusade to restore Government which will be the servant and not the master of the people".

CCF policy differs sharply from the Liberals and from all other parties on how money for government expenditures should be raised. Mr. Coldwell stated. Any tax reduction should be confined to the lower income groups, the CCF leader said, special tax concessions to privileged groups should be eliminated, and the special deductibility of dividends abolished. Also, he said, there should be a capital gains tax "on huge speculative profits". Pointing out that a working man pays income tax strictly according to the rules providing a basic exemption for himself and his family, plus a few deductions for charity and medical expenses, the speaker said that everything an investor takes in the way of capital gains is free, as are his dividends "up to something over \$11,000, because of the 20 per cent deduction he can make from his income tax". The CCF leader said the two per cent levy on personal income used to finance old age security was most unjust, as it does not take into account ability to pay and makes those who are in the greatest need of the security pay the most in order to get it. The sales tax should be removed from a wide range of necessities, Mr. Coldwell stated.

According to Mr. Low, of the Social Credit Party, the Canadian people were overtaxed by half a billion dollars in 1956-57. This figure, he said, represents the revenue surplus reported by the government together with an additional \$106 million allocated at the end of the year for non-essential purposes. "If the government had been prepared to return this surplus to you, the Canadian people", Mr. Low said, "it would have been possible to reduce the income taxes by thirty per cent". Pointing out that when a government is guilty of excessive taxation there is always strong temptation to use the surplus revenues for frivolous or non essential expenditures, the Social Credit leader said the Liberal Government had been guilty of going a long way in this regard. Advocating immediate reductions in income tax, Mr. Low said the basic exemption should be increased by fifty per cent, and that full medical expenses for any member of a family who is ill should be exempt from taxation. Mr. Low said that the sales tax should be removed from a long list of essential items necessary for every day living, and criticized the Liberal Government for merely reducing the taxes on non essential items, as was the case in the last budget.