

Income Tax Act

Another provision of this bill which reminds me of the days of the six-buck boys is that section which deals with the employment expense deduction. It is a miserable provision and is openly discriminatory. It provides that an employee shall be allowed to deduct either 3 per cent of his income or \$150, whichever is higher, in order to cover the cost of clothing or special tools required for his work. What happens to the garage mechanic, or carpenter, Mr. Speaker, who likes to own his own tools and, in many cases, is required to own his tools to obtain employment? The sum of \$150 is clearly inadequate in this day and age when a motor mechanic pays \$4,000 for a set of good tools.

A doctor writes off the entire cost of his tools and equipment. A lawyer writes off the entire cost of his library. Why then does the government not intend to allow employees the same right? Does the government not trust employees to produce an honest accounting of employment expenses? The government has claimed that the employment expense deduction will redress the position of wage-earners with respect to employment expenses vis-à-vis taxpayers in business or in the professions. But it will not meet the need. Take the case of the motor mechanic. I am advised that even an apprentice looking for his first job must have \$500 worth of tools and that a full-fledged mechanic is expected to bring to his job about \$4,000 worth of tools. The wear and tear on this equipment is great and with new technology new tools are constantly required. Furthermore, losses due to theft, mysterious disappearance and borrowings are high.

I am advised by my insurance agent that a mechanic seeking to insure \$4,000 worth of tools must pay an annual premium of \$120, with a deductible of \$25 with respect to theft, vandalism and malicious damage. So it is clear that in this case, and there are many similar cases, the proposed exemption barely covers the cost of an employee's insurance premium on tools. If the government wishes to remove this inequity from the tax system, why does it not place the employee on the same footing with the doctor or lawyer? Why does it not allow employees the same privilege—the privilege of deducting unlimited expenses provided receipts are produced? This is what must be done in all conscience, Mr. Speaker, if the government wishes sincerely to put even one equitable plank in the platform of its just society.

Mr. Speaker, I could go much further in my remarks concerning various other features and in my general observations about the bill before us, but I think I have already demonstrated my lack of enthusiasm for much of its content and its timing. Certainly, there is no real tax reform in Bill C-259. It will not resolve our current and future problems of inflation, unemployment and idle factories. It continues the over-taxation of the people of this country and gives no incentive to honest effort. Its tax exemptions are overdue and miserly ones. The amendment is correct when it states that the bill is not calculated to materially improve business and labour conditions in Canada, now or in the foreseeable future.

Have we not watched and waited long enough for the better things to come, only to find that the "better things" seem always to appear in the form of increased inflation, staggering unemployment and the burden of taxation which is causing even many of those who have jobs to go under, a scandalous situation for a country with the

resource wealth of Canada. Your Honour may share my view that we are being led down the garden path in international affairs and down the drain at home.

In conclusion may I say that the very medieval size of the printed bill as tabled makes one mindful of the Domesday Book. Certainly, it is too long, and those who deal with it will suffer from indigestion. In the meantime, the tax jungle of the federal government is more impenetrable than ever, with the reactive legislation of the provinces still to follow.

Mr. Randolph Harding (Kootenay West): Mr. Speaker, debate has been interrupted on several occasions since the House resumed sitting on September 7 and began its consideration of the measure before us, Bill C-259, which constitutes the Liberal government's response to the demand for tax reform in Canada.

I have listened with great interest to speeches made not only today but on earlier occasions when various members of all parties represented in this House took part in the debate. It seems to me the type of basic tax reform which was recommended in the Carter report five or six years ago finds no expression in the bill before us and that no attempt has been made to set up a tax framework which most Canadians hoped would bring justice, equity and economic growth. The government appears completely dominated by big business interests. If these proposals pass without major amendment, it is obvious that the present tax system with its many anomalies and injustices will remain basically unchanged. This was not the desire of the Carter Commission or of most of the economists who had hoped the bill before us would contain major improvements.

• (4:30 p.m.)

The Carter royal commission on taxation was set up by the Conservative government to look into the tax framework of Canada and to report on the distribution of the burdens among taxpayers resulting from existing rates, exemptions, relief and allowances provided by the personal and corporation income tax laws. It was also to look into the effects of the tax system on employment, living standards, savings and investments, industrial productivity, economic stability and growth.

The Carter royal commission started out its investigation feeling that Canada's tax system was a good one, and reasonably just. Several years later, after an exhaustive study which cost \$3.5 million, the commission found that Canada had an unfair tax system. It found that billions of dollars of income were escaping tax altogether or enjoying tax privileges which lightened the tax burden. It made a large number of recommendations which would have brought about a far more equitable system of taxation in our country. Unfortunately, in the tax bill before us most of these recommendations have been ignored by the present Liberal government.

In the last election the slogan of this government was "the just society". To date we are farther from that goal than when this government was elected in June, 1968. Many of the major economic problems facing Canadians have been compounded by the foolish and weak economic policies of this government. One of the prime examples is that of the terrible unemployment situation which faces