

I am told that those cards were distributed by the Quebec section of the Social Credit party. I replied to none of them, because threats and intimidation—two things which I deeply abhor—were resorted to in the last paragraph. Many persons signed them without having read that last paragraph; they found out much later how they had been deceived. It remained to be seen whether the Social Credit members, in this budget debate, would make the same demand. The leader of the Social Credit party (Mr. Low) preferred to ask for an exemption of \$2,000 instead of \$3,000. That party advocates here dividends for the whole population, but its members carefully avoid to tell us how the necessary funds could be obtained. It is much easier to criticize, than to govern. In my quality of member for Terrebonne, I am merely endeavouring to do my duty, in trying to be logical and sincere, in endeavouring to help in every way the people who have elected me, and also in upholding the principles and the ideas they have at heart. I feel that I have not failed in the performance of that task.

(Text):

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, in his budget address on June 27 the Minister of Finance (Mr. Ilesley), speaking about personal income tax, as reported at page 2916 of *Hansard* had this to say:

In revising a tax structure so complicated as our present one, it has not been possible to assure that all taxpayers will receive the same relative amount of tax relief.

Then follows this sentence:

We have, however, tried to make the new schedule as fair and equitable as possible.

I rise to challenge that statement. I have no doubt the minister is convinced, certainly from his point of view, of the correctness of what he said; but we of the C.C.F. feel it is not true to say that the minister's income tax proposals are fair to those in the lower income brackets. That, indeed, is one of the main points of the subamendment which has been moved by this party, and having taken that stand ours is the responsibility of presenting facts and figures to substantiate our position. We contend that there is unfairness to those in the lower income brackets, in addition to the fact that there is no relief this year, on two main counts. The first has to do with the exemption levels, which have been set by the minister at \$750 for a single person and \$1,500 for a married person. We contend that these exemption levels are not high enough. Our second criticism on the ground

of fairness has to do with anomalies in the rate structure and with various inequities to which I wish to draw attention as I proceed.

First, I should like to say a further word about the point at which the minister has set the exemption levels. In his budget address he recognized that there was a demand that those levels be set higher than he was prepared to agree to, and he proceeded to give his answers to those demands. The two main arguments he used were: first, the need of revenue, which he contended could be gained only by dipping into the brackets he proposes to continue taxing, and then he used the argument that one has to be fair between the \$1,500 and \$2,400 levels as well as between the \$5,000 and \$10,000 levels.

With respect to the argument that it is necessary to go down into the lower brackets in order to get sufficient revenue, the remarks I intend to make a little later, supported by statistics, will be my answer. I wish to say a word now about this other argument the minister used, which was made in the form of a plausible statement but one that does not stand up when examined closely. At page 2915 of *Hansard* the minister said:

We cannot secure proper equity and fair treatment if the exemptions from income tax are so high as to exclude most of those receiving incomes.

Then came this sentence:

It is just as important to be fair in the distribution of taxation between persons earning \$1,500 and \$2,400 a year respectively as it is between these persons and those earning \$5,000 or \$10,000 a year.

The way the minister put that, it sounds like the statement of a principle, almost a moral or universal principle; and when it is put in that language, it appears to carry weight. But the simplest way to test the supposed universality of that principle is to alter the figures. The minister would not have thought of rising in his place in this house and saying it is just as important to be fair in the distribution of taxation between persons earning \$500 a year and \$1,000 a year as between those earning \$5,000 and \$10,000 a year. In other words, this principle of equity between taxpayers does not apply right down to the taxpayers' last bottom dollar. It has to start at a certain arbitrary point that makes allowance for the basic cost of living. The minister admits that by setting the levels at \$750 and \$1,500; and our contention is that in arriving at that arbitrary point he has not given sufficient consideration to the cost of living in Canada at the present time. What I am objecting to is putting it on a basis of principle at the levels chosen by the minister