

Income Tax Act

classes of taxpayers. However, the fact remains that it is necessary to bring the district taxation offices into the picture, instructing them to set a basic rate which is at least an acceptable one, and abandon the double standard which they have been using in the past.

Another point on which a good deal of concern has been expressed relates to severance pay and its treatment by taxation officers. I raised this matter in the House, and the parliamentary secretary was good enough to acknowledge it, as reported at page 9217 of *Hansard*. He said, and rightly so:

Ordinarily severance pay is regarded as income under the Income Tax Act, and as such should be included in the computation of income. I am aware that in certain cases special regulations or legislation have been passed, but under the general income tax law this is regarded as income from an employment and is therefore included as taxable income in the year in which it was received.

There is probably no room for argument as to the interpretation which the parliamentary secretary placed on this section of the act. At the same time, he did admit that certain regulations have been passed which take care of certain of the difficulties which arise in its administration. I suggest to the parliamentary secretary that he let the Minister of Labour (Mr. Mackasey) know that thousands of people across this land today are being subjected to the worst type of discrimination as far as severance pay is concerned. They are people who have built up some type of nest egg, whether as a result of negotiation or as a matter of arrangement between themselves and their employers, in the belief that it would provide them with funds for retraining, if that should become necessary, or at least for enabling them to live until they can get back again into employment. Unfortunately, the parliamentary secretary may not be able to convince the minister that severance pay should not be regarded as earnings—that it should be considered, really, not as a deferred wage, but as a pension. Right now, people are using up their severance pay before they can draw one nickel in unemployment insurance benefit. Many go for a year or more without the benefit of the unemployment insurance payments to which they are really entitled.

I should like to conclude by saying all of us in this corner of the House believe that the amendment put forward by my hon. friend from Winnipeg North Centre is a realistic one. It is not an idealistic proposal, but a realistic effort to bring about a needed reform. Tax credits can be used to the benefit of the people of this nation. They can be used in such a way as to ensure a more equitable distribution of wealth, a more equitable system of taxation. I believe that if the government would really live up to what it believed to be right, deep down, and not merely listen to what the economists say, they would accept the amendment, because it is a just one, intended to bring about genuine reform instead of merely following the old rhetoric we have heard so often.

Hon. Alastair Gillespie (Minister of State for Science and Technology): Mr. Speaker, it is a most happy occasion for me to participate in the debate with such a genial audience across the way. I am happy to take part in the discussion in this final stage as we enter third reading, partly because, as a member of the finance committee, I have been involved in this exercise right from the begin-

ning. I should like formally to record my views with respect to two members who served on the committee, two members that the Minister of Finance (Mr. Benson) singled out when he introduced the debate on third reading. He referred to the hon. member for Gatineau (Mr. Clermont), who was chairman of our committee, a man whose patience, judgment, stamina, and above all good sense, carried us through a difficult, complicated and lengthy process. The other member he singled out was his own parliamentary secretary—not unnaturally—the hon. member for Calgary South (Mr. Mahoney).

• (4:20 p.m.)

Some hon. Members: Hear, hear!

Mr. Gillespie: The hon. member for Calgary South, as those of us who have participated in this debate since September will recognize, has carried this difficult, complicated bill through the House with considerable ability. What I should like to deal with in my remarks this evening are some of the things that are being said by members of the opposition. The hon. member for Hamilton West (Mr. Alexander) presented what has become or is becoming one of the major tactical positions taken by the opposition. The question he posed was: Why the rush?

In dealing with this question, I should like briefly to review some of the tactics opposition critics have used over the course of this lengthy process, one which started in this House of Commons over two years ago. For those who want to carry it back beyond that period outside of Parliament, it was nine years ago when the Carter commission was formed. However, I want to deal in my remarks only with the process as it relates to the House of Commons itself. I think we should recognize the tactics of the opposition for what they are. They have changed a number of times over the course of this two-year process, and it might be worth examining and considering them, and perhaps exposing them for what they are. The first tactic seemed to be, as I reflected on the record and consulted my notes, one of confusing the public, of suggesting that the white paper was a bill. The tactic was to get people to write in saying "Withdraw the bill". They were speaking of the white paper as if it were a bill.

The Leader of the Opposition (Mr. Stanfield), perhaps inadvertently, contributed to my mind to this particular suspicion. He said "Withdraw the white paper". At the same time I am happy to note that his chief financial critic, who was a hard working member of the committee, was not so taken in: he recognized that the white paper was a white paper, and that the process of white paper discussion was to put it out to the public and to listen to the views of the public and of others. But the initial basic ploy was to suggest that this was the fixed position of the government on tax reform, that in effect it was a draft bill that was unlikely to be changed in any important detail.

That was the position of the Conservative opposition for most of early 1970 and mid-1970. Then the tactic changed, perhaps partly because of the leadership given by their chief financial critic, the hon. member for Edmonton West (Mr. Lambert). He recognized the white paper as a process—perhaps not immediately; he was a little slow on the uptake, but he was very fast for the chief financial critic. It seemed to me that he then started to push the idea that