

Income Tax Act

By the way, the Conservatives were in power.

—is persisted in and the people of this country are denied the right that they have to self-expression and to the enjoyment of a decent livelihood.

Mr. Garland (Bow River): Even the right to work is denied them.

Then Mr. Woodsworth quoted a passage which I would be quite happy to read, if necessary. It is a quotation from the Vancouver *Province* suggesting that this is the kind of thing that could happen, but Mr. Woodsworth gives his own comment on that quotation and says:

We in our group are out to try to bring about the end in view by peaceful and orderly methods.

Mr. Woodsworth went out of his way in that speech to assert the position he always took—some of us know it very well because of our contact with him—namely, that violence and force were not weapons to be used. If ever there was a man in this house who believed in non-violence, it was J. S. Woodsworth. For it to be suggested that there was any similarity between the things he stood for and communism is, I suggest, a gross distortion of the position taken in this house by one of the finest men who ever graced the parliament of Canada.

Some hon. Members: Hear, hear.

Mr. Knowles (Winnipeg North Centre): I said that it was my purpose to speak mainly about Bill C-191 which is now before us and on which the Minister of Finance spoke at the second reading stage last night. I have just taken a few minutes to try to clear up a distortion by an hon. member to my right.

In a different vein, Mr. Speaker, I say to the Minister of Finance that he was guilty of a tremendous distortion last night when he stood in this house and tried to suggest that the 2 per cent social development tax, this flat rate tax on the first \$6,000 of taxable income which does not apply to taxable income above that level, is a progressive form of taxation, a premium, something that one should be privileged to pay because of what he gets for it. It is one of the finest things ever thought of, to listen to the Minister of Finance last night. Well, what word can I use? Should I say "rubbish", Mr. Speaker?

Mr. Gilbert: Certainly.

Mr. Knowles (Winnipeg North Centre): Certainly that is what the minister's presentation last night was. I do not know what you are smiling at, Mr. Speaker, and I must not put

words behind your smile, but I have a notion why you are smiling. The 2 per cent social development tax, far from being a progressive measure and one that we should welcome, is as regressive as it can possibly be. It is 2 per cent on the first \$6,000 of taxable income, with a cut-off at that point. This means that a married man who has no children gets the \$2,000 income tax exemption and if he makes \$8,000 a year income he pays \$120. It also means that the \$18,000 people, the \$40,000 people, the \$100,000 people, the millionaires, pay the same amount—\$120 a year. For the Minister of Finance to ask us to swallow the notion that this is a progressive tax is really pressing things a little too far.

One of the examples of the application of this 2 per cent social development tax which demonstrates how unfair, how anti-social it is, is to be found in its effect on old age pensioners, particularly those between the ages of 65 and 70 who are able to qualify for the guaranteed income supplement on top of their basic old age security. If they are drawing old age security, people in that age bracket have an income tax exemption level of only \$1,000. It is \$1,100 if you add the \$100 everybody can claim for charitable donations, and so on. So \$1,100 is the tax exemption level.

The government has decided that incomes must be brought up to a certain point. The act originally provided that they should be brought up to not less than \$105 a month or \$1,260 a year. There have now been some 2 per cent additions to that, so the figure is a little higher. But this 2 per cent social development tax which the minister wants us to believe is so progressive and a fine example of paying for services one receives, hits those people in this way: every dollar over \$1,100 these people receive is taxed at the ordinary rate plus this additional rate of 2 per cent. So if pensioners have \$160 or \$200 over the \$1,100 they pay \$3.20 or \$4, as the case may be, on that amount. The amount may not seem great but this is on top of the regular tax they must pay, and bear in mind that this is money that is taxed back from people who are given the money because the government said there is a floor below which people must not fall; there is a minimum income level to which everybody 65 or over must be raised; it is a minimum that we must guarantee. It is a fine kind of guarantee to turn around and with the other hand tax the money one receives under that guarantee, above a certain level. I suggest that on all counts this tax