

Income Tax Act

change is going to have. To a great many people it appears to be a bit discriminatory against the very hospitalization plan that has been advocated and, in fact, finally implemented by this present government, although it was put in the process of implementation by the previous government.

I understand the deductions will remain the same as they were in the past, with medical insurance through private companies but that as to the hospital insurance through the federal and the provincial hospital insurance plan the basic exemption will no longer be under the same formula. I sometimes wonder whether it might not be much easier for the wage earners of this country if they could just deduct the premiums paid to the hospital insurance plan or to a private insurance company from their actual costs of hospital and medical insurance. I am sure it would simplify the tax form considerably. It might save many people a great deal of money by not having to go and get a lawyer or a chartered accountant or someone else to make out their income tax forms. There would be a saving in two or three ways. But in the main I should like to sum up my few remarks by saying that regardless of how well it may be dressed up this bill is just a little bit more bad news to the people of this country.

Mr. W. H. McMillan (Welland): Mr. Speaker, the increase in the personal income tax is quite considerable. It amounts to two percentage points on everything over \$3,000. I was a little bit surprised at this increase because the Prime Minister (Mr. Diefenbaker) is reported to have said that every family in Canada was overtaxed by \$120. I think I saw some references to the Minister of Finance (Mr. Fleming) also having said that taxes were too high and should be reduced. I can say that in my part of the country he has in effect been right because a good many of these people have been unemployed practically ever since and have not had to pay any income taxes at all. When a person fills out his income tax form and makes out his cheque to the Receiver General of Canada, he finds that he also must pay an increase in tax for the old age pension fund. There are other taxes also such as sales tax which I will just mention in passing, and the increase in excise taxes. But when we take all of these taxes together, and take into consideration the 7 per cent increase in the gross national product, we do not go halfway in covering our deficit. I think the taxpayers of this country look to the future with foreboding. I think they feel that a better way in which to increase income taxes

[Mr. Martin (Timmins).]

is to have a fiscal policy that would provide more people and more corporations paying these taxes.

I was looking over the corporation tax and I think this year it is up to the highest point in any peacetime year. In Ontario and in Quebec they are paying combined taxes—I mean by that the income tax plus the contributions to old age pensions—of 52 per cent. The other corporation taxes are very high, particularly when you add other provincial taxes and municipal taxes. Every tax adds to the cost of production. We know that our cost of production here in Canada is extremely high. We are having a hard time now to maintain our position in the highly competitive markets of the world. Representations have been made to Ottawa by manufacturers who say that they cannot compete in our own domestic market with foreign producers.

I have said before—and I will just refer to it here again—that the climate in Canada has not been good for United States capital to come in. It is really not good for our own corporations because of this increase in income tax. Our corporations in this country have already been heavily taxed and we are in the process of adding another \$80 million a year to their costs by the fact that they are obliged to pay, along with their employees, for seasonal unemployment. I should think that the minister ought to know that the more industry we get in this country and the more people we get working, the more income taxes we shall collect. He should realize that the unemployment will then be taken up, more people will be working and we shall be able to tax more people instead of the fewer that we are taxing at the present time.

Hon. Paul Hellyer (Trinity): Mr. Speaker, there is just one aspect of this bill about which I should like to speak briefly, namely the change in the provision for deduction of hospital expenses. This is a principle with which many of us, I know, cannot agree. In the province of Ontario we are still obliged to pay the premiums which we paid before the new hospitalization plan came into effect. These premiums are not deductible from taxable income. They are paid out of net income but still the hospital bills are not going to be deductible from taxable income as they have been in the past.

This principle of allowing expenses in excess of a certain percentage of income is well established and has worked well because it alleviates much of the hardship which accrues when people undergo extensive illness personally or in their families. I know of many cases where the financial circumstances in the family have been such that without