

Income Tax Act

cent social development tax. You know, there is no law which says that that tax should be collected. Oh, I know it comes in under the Financial Administration Act, but the point is that if the tax bill is defeated—and recent history shows that this has happened—then the bill goes out the window. Then, the minister would have to refund all the cash he has collected, not under the provisions of this particular bill dealing with income tax and so on, but through some obscure provision in the Financial Administration Act which is there as sort of a full dispensation to an erring Minister of Finance. I do not know whether the Minister of Finance has any tax changes to bring in tomorrow night, and I do not know whether the government will insist on closing this house on June 27 for the summer adjournment, but if they are going to insist on the priorities for the legislation suggested today, then the schedule is just not possible. I believe the minister is realistic enough to realize this. So, I suppose what will happen will be that we will not have any tax changes tomorrow night. We can be thankful for this small mercy that we will not get any tax increases.

Frankly, the minister in his budget presentation of last October predicted that by the end of March, 1970, the end of this fiscal year, there would be a surplus to the tune of \$5 million. I rather think, as an educated guess, that he might be \$200 million short. He will be short on his revenue. He is already over on the expenditures. Wait until the bills for medicare come in. Then, the minister will find he has underestimated the expenditures and I suppose next year taxes will go up to catch up with our expenditures.

Mr. Max Saltzman (Waterloo): Mr. Speaker, I have seen lots of ministers of finance reach out to prove how progressive they are, but I think this one must be the prize of them all. He has reached out so far that he is in danger of throwing all his limbs out of joint in an effort to prove the progressiveness of the so-called 2 per cent social development tax. It was very revealing tonight when the minister started changing the emphasis, and instead of calling it a tax he called it a premium. I think this is one of the first times I have heard the minister refer to it by that term. The fact is that a tax in a country like this should be progressive. Instead of that, he is indicating that everybody virtually will pay the same amount regardless of their ability to pay. I was rather surprised by the language he used when he talked about the purposes of this tax

and said that those who benefit the most pay the least. In other words, the poor are well off. It may be in this particular tax provision there is some benefit to those who have no income because this is a surtax on income; but how any minister of finance can say that the poor in this country are better off than the rest is beyond me.

The beneficiaries of our society are not the poor. It is not the poor who send their children to college. It is not the poor who need roads for industry. It is the better off who benefit from most of the taxes paid, in return for which they always seem to be willing to throw a few crumbs to the unfortunate in our society to keep them quiet. This is sort of an insurance policy which undercuts revolution in the country. As has been pointed out by the Carter royal commission, we have one of the most unfair tax systems in the western world. This 2 per cent social development tax goes a long distance toward making it even more unfair than it was before.

Recently, we had an example in respect of the estate tax legislation. There were some complaints that this legislation was hurting people with large estates. The minister responded to the democracy of his backbenchers and changed that legislation. On the other hand, we have the 2 per cent social development tax, unfair as it is. Almost every intelligent voice in this country has been raised against this tax and the minister has done nothing at all about it. The minister has the nerve to come back many months later and present the tax in basically the same form in which he introduced it in the budget. Perhaps he thinks that by changing the language he solves something or that by the use of sophisticated semantics people will forget the injustice and unfairness of this tax. The people are not that foolish. Only this morning it was brought to my attention that the Hamilton and District Labour Council has been trying to get an interview with the Minister of Finance (Mr. Benson) for a long time to explain their opposition to this tax. I should like to quote from their letter to the Minister of Finance:

Hon. Sir: Inasmuch as I have not had even the courtesy of a reply to my requests for an appointment to meet with you and present a petition and our submission to you with respect to tax policy, you leave me little choice but to forward our ideas in writing (copies of which, you will note, will be sent to those noted on this correspondence). I trust you will at least give this submission and our petition your serious consideration.

The letter is signed by F. Stewart Cooke, president. It is a disgrace that the minister has not met with the representatives of the