

that. Why should not he be liable to taxation in Canada?

Sir THOMAS WHITE: In the first place he is not a resident of Canada. There is another thing. We must bear in mind that we must not be too astute or too eager to tax an alien in respect to the small investments he may have made in Canada. I would fear that too stringent taxation in that regard would deter men from investing in this country—and we want investment.

Mr. LEMIEUX: What about the people who transform their present holdings into, say, Dominion war loan securities, which are free from any taxation?

Sir THOMAS WHITE: The Government war loans are free from any income taxation, and they must be. It is absolutely impossible for this Government to issue its bonds to the amount which is and will be required for the war expenditure of the Dominion unless those bonds are income tax free, so far as Dominion legislation is concerned. The reason is that men buy securities to yield a certain interest rate. Sometimes the difference between 5.30 and 5.40 per cent will determine whether a man will or will not buy a bond. My hon. friend knows that the value of securities is regulated having regard to market conditions and the value of all other securities, and in offering Dominion issues, put out as we must put them out to finance a war of this kind, the uncertainty of an income tax so far as the future is concerned, or a heavy income tax so far as the present is concerned, means that people will not buy those bonds to the extent they otherwise would. And there is this further point to be considered. If you should sell your Dominion bonds without that provision that they are income tax free it would only mean that you would have to sell them to yield a higher rate than they yield to-day. So it is as broad as it is long; you would not get as much for your issue of securities as you get for them to-day, free of income tax. That is a question that has perplexed many Chancellors of the Exchequer. In the United States they have issued their loans free of income taxation for the reasons I have mentioned. Even in England, which is the home of income tax, where they struggled to the utmost against issuing securities free of income tax, in connection with the last loan in London they gave an alternative, one free of income tax and another subject to it. There is in the Bill

provision for assessment, appeal and collection. I have placed no time limit upon this taxation measure; but I do suggest, and I should like this suggestion to be on Hansard, that after the war is over this taxation measure should be deliberately reviewed. What I have in mind is this: In the period after this war, as in the past, we will continue to invite people to come to this country. We shall need men of enterprise, men of ability, to bring in capital and develop our immense undeveloped resources. In reviewing this measure after the war, I think consideration should be given to the question whether the taxation is so heavy that it would operate to prevent men of that type from coming to this country and giving us the benefit of their enterprise and their capital and their ability. I have placed, as I stated, no time limit upon the measure. We cannot see very far ahead in these days. We do not know how long this war will last. We do not know what the attitude of the people of this world or of this country will be upon many questions, social, industrial, financial and fiscal. Therefore I have placed no time limit upon this measure, but merely have placed upon Hansard the suggestion that, a year or two after the war is over, the measure should be deliberately reviewed by the Minister of Finance and the Government of the day, with the view of judging whether it is suitable to the conditions which then prevail.

I therefore beg to lay upon the Table the following resolution:

Resolved, that it is expedient:

1. To levy an income tax of four per centum upon income exceeding two thousand dollars per annum in the case of unmarried men and widowers without children, and exceeding three thousand dollars in the case of other persons, and, in addition thereto, a supertax of two per centum upon the amount by which the income exceeds six thousand dollars and does not exceed ten thousand dollars, and five per centum upon the amount by which the income exceeds fifty thousand dollars and not exceed twenty thousand dollars, and eight per centum of the amount by which the income exceeds twenty thousand dollars and does not exceed thirty thousand dollars, and ten per centum of the amount by which the income exceeds thirty thousand dollars and does not exceed fifty thousand dollars, and fifteen per centum of the amount by which the income exceeds fifty thousand dollars and does not exceed one hundred thousand dollars, and twenty-five per centum of the amount by which the income exceeds one hundred thousand dollars.

2. To levy an income tax of four per centum upon income exceeding three thousand dollars in the case of corporations and joint stock companies.