

annuities issued by the insurance companies. I think he is right. But what is the reason for this increased business? As I understand, the reason was given to us by the honourable gentleman who has made this motion (Hon. Mr. Black), that there is no income tax payable on money invested in annuities. I think in these trying days of income tax requirements a considerable number of persons—I am not finding fault with them particularly—throughout the length and breadth of Canada have been saying: "Let us put our money, say \$10,000, \$15,000, or \$20,000, into Government annuities; then we shall be relieved of any income tax payments, and we shall get what under present conditions will be a fair rate of compensation by way of interest, and, the annuities being backed by the Dominion of Canada, there will never be any question as to whether we shall be paid."

We went into the question a few years ago, and as a result the maximum was cut down from \$5,000 to \$1,200. That was done to put a stop to the practice of well-to-do gentlemen purchasing \$5,000 annuities for members of their family. On this investment the Government paid a substantial rate of interest and all management costs.

The entire question of annuities, whether issued by the Government or by insurance companies, deserves our best consideration, if for no other reason than that we may ascertain whether any wealthy citizens of this country are evading their responsibilities for income tax. I think the motion should be passed.

Right Hon. ARTHUR MEIGHEN: Honourable members, I have certainly not come to the conclusion that we should desist from offering annuities to the public. I do not think such is in the mind of the mover of the motion. But I do want to comment on the remarks of the honourable member from Winnipeg South Centre (Hon. Mr. Haig).

I cannot think of any argument at all that would justify the Government of Canada continuing to provide for all the people of this Dominion, rich and poor, an avenue of investment on Government security at a rate of 4.4 per cent. Could any justification be imagined for such a policy? But that is what we are doing. I do not find fault at all with any persons, no matter whether rich or poor, who up to now have availed themselves of our legislation and secured an investment with a return which, as results show, is 4.4 per cent. It was intended to be 4 per cent, but the actuarial calculations were in error; the actual rate is 4.4 per cent. Much less can I conceive any justification for providing rich and poor with an avenue of investment

which, while yielding that rate of interest, is exempt from income tax under the law and practice prevailing at this hour.

What the motion intends, as I understand, is to institute an inquiry into the present circumstances with a view to revision of the Act so as to provide something more equitable to the general taxpayer.

Now let us consider what has happened. I know of some comfortably well-off persons who availed themselves of the Act. To tell the truth, I thought many times of taking advantage of it myself, and, though I have never availed myself of it, I should probably have done so but for a persistent habit of putting things off. Credit to-day is worth, in respect of short-term money not more than 1½ per cent, of medium-term money about 2½ per cent, and of long-term money about 2½ per cent. Yet the door of the Dominion Government is open to anyone who wants to come in and lend it money at 4.4 per cent; and the Government is good enough, as well, to see that there is no charge against that lender for management or operation. Clearly, this cannot be denied.

The honourable senator from Winnipeg South Centre says the insurance companies are increasing their annuity business. I hope they are. The practice is excellent. Their business has multiplied as fast as the Government's. This suggests to me that perhaps there is not now the same need for the legislation as there was, for apparently people have acquired habits of frugality for the purpose of purchasing annuities. Such, to my mind, was the main object of the legislation. I well remember when, in 1907, Dr. Sampson, of Windsor, travelled throughout our country laying down the principles of this legislation and painting the aspirations of the Administration of the time in adopting this policy. It was in the main to inculcate in all and sundry habits of thrift in order to provide for their future. It was a worthy aim, and if the Act had the effect of stimulating interest and concern in the subject, and therefore spreading throughout the country habits enabling our people to take care of themselves, then certainly the Act has achieved a very fine object indeed.

The honourable member says we ought to encourage people to put their money into Government securities. With that general principle I do not agree. Will the honourable gentleman just recall what he said immediately after? "We cannot get money in the West for house or farm loans." He is right. It is one of our principal difficulties. And the difficulty of the West is the difficulty of the

Hon. Mr. MURDOCK.