

economic enterprises that has arisen in Canada, it is reasonable to suggest that this parliament should now consider the levy of a dominion inheritance tax, over and above the succession duties now levied by the provinces. Similar taxes in the other dominions have yielded substantial revenue and have contributed to a more equitable distribution of wealth and income. Statistics will show that if the Canadian government taxed inheritances on the Australian scale, the national revenue would be increased from \$18,000,000 to \$24,000,000, after deducting the present provincial taxes of approximately \$13,000,000. An inheritance tax comparable with that of New Zealand should provide a net yield of \$25,000,000. I could quote eminent authorities to show that this may now be done without any dislocation of the economic machinery or any serious discouragement to enterprise.

Even to a novice in matters financial it is a matter of simple arithmetic to calculate that we cannot hope for many years to come to balance the budget in the orthodox manner and at the same time substantially reduce the debt burden. Our national debt with its interest charges has assumed such proportions that we cannot safely rely on any anticipated increase in the aggregate national wealth or increase of population. To do nothing about it means that we must continue to pay heavy annual tribute to those who own our debt. Already this tribute amounts to 36.2 per cent of our national revenue. To do nothing would mean the virtual adoption of the policy so frequently and vigorously opposed by the finance minister. We will be taking from all of us to pay some of us. Any attempt to reduce the debt from ordinary surplus revenue would require an unpleasant increase in taxation, as well as substantial reduction in government expenditure. Taxation is already high, and any substantial reduction in public expenditure would necessarily spell the forfeiture of necessary and desirable social services. The most expert conversion operations, as contemplated, cannot possibly reduce the debt in any substantial degree in the next decade. For this reason we propose in the amendment, a debt redemption levy with the object of paying off quickly, by a special emergency effort, a large proportion of the debt, thus allowing a permanent lowering of the level of annual taxation and a permanent raising of the level of social expenditure.

Such a debt redemption levy would constitute a special emergency payment by all individuals owning more than a specified amount of real wealth. Payments might be graduated according to individual ability to

pay. The basis of assessment would be individual and not corporate. The greater the wealth of the individual, the greater the proportion he would be required to pay. The levy would be secured in one payment, and not annually like the income tax, though provision would undoubtedly be made for payment in instalments over a period of years. The sum secured through such levy would be earmarked for debt reduction and would be applied so as to ensure, as I have stated, a permanent reduction in taxation and a permanent expansion of social expenditure.

As the minister has stated, the index of prices levels fell from 96 in 1929 to 72.4 in March last. It may therefore be said that the purchasing power of the dollar, and with it the burden of the debt, has risen by about a third. No one may safely predict the future of prices or of currency systems, but a further fall in the price level is at least a serious possibility. This would still further increase the burden of the debt, and would make it difficult to balance any budget without the most ruthless economy and increase of taxation. The yield of taxes in terms of money would shrink, expenditure in terms of money would not shrink as rapidly, and the biggest single item of expenditure—interest on the debt—would not shrink at all. As a writer has stated in reviewing the present economic situation in Canada, "It is surely not unreasonable to ask the wealthier members of society to surrender, at long last, the windfall gift of the depression." It is surely not unreasonable to suggest as well that we protect ourselves as far as possible against that which may occur in the future adding to an already intolerable burden. Another economist has stated:

In two respects however, history does seem likely to repeat itself, if we choose to give it the opportunity. In so far as we rely upon future conversions to reduce the annual interest charge on the debt, we are likely again to achieve very little. And if we make no serious attempt to repay a large part of the debt in the near future, false economies in social expenditure will almost certainly be repeated and wide fields of human hope and promise will continue to lie waste.

The proposal of a debt redemption levy was placed before the Liberal summer conference of 1933 by Professor K. W. Taylor, and is set forth in that well known book entitled *The Liberal Way*, with which hon. members are no doubt well acquainted. Speaking of the annual interest charges, Professor Taylor says in part:

The serious economic effects are that it increases taxation, that it prevents governments undertaking useful and proper expansion of