

Sir THOMAS WHITE: My hon. friend has raised a large question. This measure of taxation, as I have stated before, is a temporary measure, not a permanent measure. It deals with excess profits, or profits beyond the normal, derived since the outbreak of the war. It will apply to many who have, directly or indirectly, made large profits out of the war. It will apply to others who, while not having, directly or indirectly, made large profits out of the war, have still, for one reason or another, been able to maintain a rate of profit upon capital in excess of what we have deemed to be the normal pre-war rate. If we were considering, as my hon. friend from Halifax (Mr. A. K. Maclean) suggested in his reply to the Budget, a comprehensive system of taxation, vitally different from that upon which we have relied up to date, we should have to consider the questions of land taxation, taxation possibly upon personal or businesses, and income taxation; but these would involve many considerations. We should have to consider the expediency of embarking upon such an extensive system of taxation, having regard to the requirements of the municipalities and the provinces. Under the British North America Act, while the Dominion Government is not confined to any particular mode of taxation, the provinces, and, by consequence, the municipalities, are confined to direct taxation.

My hon. friend has spoken of those who make large profits out of real estate. I think there have been very few instances of such profits having been made since the war broke out. On the contrary, I think the trend of real estate values has certainly not been upward since the outbreak of the war. They may have remained stationary; in some cases, they may have receded somewhat; but personally, I do not know of cases in which real estate speculators have made money out of their holdings of real estate, either directly or indirectly by reason of the outbreak of the war. There is no doubt that the trend of legislation in all countries has been towards taking a part of the so-called unearned increment. In the United Kingdom there is legislation to-day under which an amount is taken upon sales of real estate, representing a portion of the increase in value, and I think that tendency will increase in the legislation of this country, because there is certainly very much to be said for taxation which takes a part of the increase in value due to the growth of a community

and not to the ability or energy of those who happen to hold the real estate. I do not think it is necessary to consider that in connection with this measure or at this time. It would be proper to consider it in connection with a comprehensive scheme of taxation, if it were thought advisable at any time to consider such a scheme.

So far as incomes are concerned, I have stated to the House the reason why I consider it inexpedient to impose income taxation at this time. It is not necessary to go over the arguments again, but I think I could add this to what I have said, that, so far as I know, professional incomes and incomes generally have not increased since the outbreak of the war; in fact, professional incomes are probably less than they were before the outbreak of the war. Therefore, this principle, which we have adopted of assessing those who, directly or indirectly, have been enabled to earn more than the normal percentage of profit, would not apply in the case of most citizens who have incomes that would be liable to assessment under an income assessment system. This measure must be judged as a temporary measure, designed to meet what we hope to be a temporary condition, in which we find it necessary suddenly to raise a considerable sum of money for our war expenditures, and also for the purpose of maintaining our credit and to enable us to raise further sums for the prosecution of the war.

Mr. LOGGIE: Before the resolution passes I want to make a final appeal to the minister in order to see if he will not be persuaded to remove the apparent anomalies or inequalities in it. The first anomaly or inequality to which I want to refer is the spread between the 7 per cent applying to incorporated companies and the 10 per cent applying to other than incorporated companies. The result of this taxation, as I have already explained to the committee, will be this: in the case of earnings amounting to 11 per cent, an incorporated company will pay \$4 as compared with \$1 which an individual or partnership will pay; that is, the incorporated company pays 400 per cent greater taxation than does the individual or partnership. That is a matter which the minister ought to consider, for this reason. He tells us that, in the United Kingdom, there is a spread of one per cent. That means that an incorporated company would pay \$2, and any other concern \$1; whereas the minister is making an incorporated com-