

I disagree with him in his commendation of the ten per cent exchange tax, which affects us in the west in an altogether different manner from that in which it affects the people of British Columbia and of some other parts of Canada. As was anticipated, the new taxation necessitated by the war is heavy, and our country is perhaps unfortunate in that many of the taxes which were instituted during the great war of 1914-18, and in subsequent years, still remained on our statute books when this war broke out. Consequently, in order to raise additional revenue to conduct the present war, new ways and means of raising money had to be devised. Luxury taxes and taxes of that description were imposed previously, and to-day we have had to turn to other forms of taxation which bear heavily upon many classes of our citizens.

I should like to point this out, too, that we frequently make comparisons between Great Britain and Canada to show the effect of certain of our taxes, but we forget that indirect taxation in Canada bears heavily upon our people, particularly upon those with low incomes.

I notice it is estimated in the present budget that customs, excise and sales taxes will yield some \$415,000,000 out of the \$650,000,000 expected to be raised by taxation; and the taxes which I have just mentioned, particularly the sales tax and such a tax as that on sugar, bear heavily upon those with low incomes. May I interject that the new tax on cigarette papers will be a hardship for many of the poorer members of our population who roll their own cigarettes.

We have in the present budget a wide extension of the income tax, to which no real objection can be taken so long as those in the higher brackets bear their fair proportion of that taxation.

But the new national defence tax is in reality a tax on wages, affecting even the most lowly of our wage-earners. In my opinion the exemptions of \$600 for a single person and \$1,200 for the married are too low, particularly when we remember, as I said before, that we collect heavy indirect taxation from our people. In considering wage taxes, salary taxes and the income tax, the criterion ought to be, it seems to me, not how much do we take but how much do we leave. Even in making a comparison between, we will say, the province of Ontario and Great Britain, we find that the amounts taken leave substantial incomes as the income increases, and the differences between the amounts left in Ontario are relatively more in the higher brackets than they are in Great Britain. I have, as a matter of fact, had worked out the amounts that remain after the income tax is

deducted, and I have them before me although I shall not take time to read them this afternoon, but these figures substantiate the statement I have just made.

The increase in the income tax, when we add the national defence tax, is proportionately greater in the lower and lower-middle than in the higher-middle and higher brackets, if I may put it in that way. As I have said, the question is not so much the amount one takes as the amount that is left in order to maintain a reasonable and proper standard of living.

I am sorry that the government did not explore certain new avenues of taxation which are, I think, available to them. At least two sources of profitable revenue remain untouched by the dominion, and there may be others. In my opinion they ought to have been utilized before a wage tax was considered. I have often spoken of a capital gains tax—the increase in stock values and unearned increment. I remember, of course, that the Sirois report does not consider that to be a fruitful field for exploration, but I think it ought to be explored by our Department of Finance. The second is a dominion succession duty tax. I realize that the provinces have invaded this field of taxation, but there is no reason why we should not apply some form of dominion succession duty tax. The Sirois report in this connection points out that for the period 1926 to 1935 the yield of inheritance tax per capita in our sister dominion of Australia was 1.8 to 3.8 times as large as in Canada, and in New Zealand 2.1 to 5.2 times as large. That will be found at page 120 in volume 2 of the report. Australia is not as rich a country as Canada, and probably wealth there is if anything more evenly distributed than in Canada; and New Zealand, of course, according to a recent book published by the eminent British statistician Mr. Colin Clark, is the wealthiest country per capita in the world, although income is much more evenly distributed there. But it is safe to say that the wealth in both our sister dominions is at least not more unevenly distributed than in Canada; perhaps indeed the very reverse.

If our provincial governments published each year figures of estates passing at death, as the British and Australian and New Zealand governments do, we should be in a position to estimate with some accuracy what the possible yield of a dominion inheritance tax would be, but unfortunately no such figures exist in Canada. It seems safe to say, however, that on the basis of the New Zealand experience a dominion inheritance tax would produce a very large sum of money.

A further source of revenue might be an increased tax on the non-resident holders of