

Mr. NOSEWORTHY: There will be a lot of property transfer.

The CHAIRMAN: The amendment is:

That the first fifteen lines of the said clause 33, namely subclauses 1 and 2 be struck out and the following substituted therefor:

"Sections 1, 33 (1); sections 1, 2, 4, 6, 7, 9, 10, 11, 12, 13, 17, 18, 19 and 21, and subsections 1 and 2 of section 3 of this act, and subsection 2 of section 3 of the Income War Tax Act as enacted in subsection 3 of section 3 of this act, and subsections 1, 3 and 6 of section 5 of this act, and paragraph 2 of subsection 1 of section 5 of the Income War Tax Act as enacted in subsection 7 of section 5 of this act, and subsection 2 of section 8 and subsection 2 of section 13 of this act shall be applicable to the income of the 1942 taxation period and fiscal periods ending therein and of all such subsequent periods.

2. Subsections 2 and 4 of section 5, and subsection 1 of section 8 of this act shall be applicable to income of the 1941 taxing period and of all fiscal periods ending therein and of all such subsequent periods.

Mr. GIBSON: I so move.

Amendment agreed to.

Section as amended agreed to.

Preamble agreed to.

On the title.

Mr. JACKMAN: The minister referred in the afternoon to the fact that "it is absolutely impossible to shift any part of the war burden from one generation to a future generation". The title of this bill is the "Income War Tax Act". The income tax was first brought into this country by the Conservative government during the last war. Ever since that time we have had an Income War Tax Act, of which the bill before us to-day is just an amendment. I should like to ask the minister whether or not he believes the last war has ever been fully paid for by the people of Canada. What he said this afternoon was "the costs of the war are the costs in life, in sacrifice and in the standards of living, et cetera". If I may say so, the minister's mind is confused. What he has said refers to the human and physical costs of the war, not to the financial costs. Will he show me where the financial costs of world war No. 1 have ever been satisfied, either by this country or by any other country? Or will he show me what country throughout the world has ever paid off its national debt, unless it be the small country of Venezuela, which by a fortunate circumstance had more revenue than it knew what to do with.

Then we come to the question whether or not we should adopt a budget such as this

which entails so much taxation, or should proceed on a policy of more borrowing and less taxation at the present time. The minister had no doubt whatsoever in his mind that his budget was the only possible solution of Canada's financial problem in 1942.

The CHAIRMAN: I am sorry, but I am afraid there is more than latitude involved here. I think it includes longitude as well. This speech might be appropriate on second or third reading, but it is not in order on the question as to whether "an act to amend the Income War Tax Act" is a proper title for this bill.

Mr. JACKMAN: If you wish to rule in that way, sir—

The CHAIRMAN: Perhaps on third reading.

Bill reported.

Mr. ILSLEY moved the third reading of the bill.

Mr. H. R. JACKMAN (Rosedale): If I may continue where I left off, we find that even in the very small brackets where a man receives \$500 over and above the \$660 exemption he is subject to a 30 per cent rate of taxation. This is particularly high where the taxpayer's income has remained stationary or even receded, as has been the case quite frequently. Therefore it might be asked, why are such rates necessary? The minister has proceeded on certain assumptions, which are to his mind inviolable. He states that borrowing from each other is by no means a solution of any of our difficulties, nor is borrowing from each other even to a greater degree than at present obtains a satisfactory method of helping to finance the great war effort. He stated that if that were the view of the party to which I belong there were certain social effects which were very bad. I might point out that there are two sides even to that question. Even he I hope does not contemplate that the burden of taxation will result in the complete ruin, even by slow death, of the enterprise system or of individual economic liberty and substituting therefor a system of state bureaucracy. If the minister will analyse the situation, he will realize that the difference between us is one of degree rather than of principle. Let me ask him this: Is it better for a country to suffer an increase in taxation from 20 per cent to 50 per cent for five years, or an increase from a basic rate of 20 per cent to 35 per cent and carry that rate on for ten years in place of the much higher rate for a