

with me that far. But either 4 or 5 per cent rather than 3 per cent would be more in keeping with what the people of Canada would desire.

Mr. ILSLEY: Three per cent is put in there because that is the existing market rate.

Mr. JACKMAN: But the man who died did not want to make this investment to be improved at 3 per cent yearly. He has sacrificed his life for this country, and thereby the government comes into this tax on his estate before it ordinarily would. The government does not want to benefit by that fact. It wants to give him all the consideration it can, and it is quite likely that if he were investing his money he would not be content with 3 per cent but might need 4 or 5 per cent to maintain the family he leaves behind. I think that rather than have the government force the 3 per cent rate on him, they should give at least 4 if not 5 per cent. The minister will realize what a difference there is in the capital sum necessary now to be provided when the rate is 3 per cent compared with 4 or 5 per cent. The government should be extremely generous in these circumstances.

Mr. ILSLEY: The section is standing anyway.

Section stands.

On section 8—Allowances in computing aggregate net value and dutiable value.

Mr. HANSON (York-Sunbury): May I call the minister's attention to paragraph (g) of subsection 2 dealing with duties paid elsewhere? This clause, of course, means that in any province where there are succession duties—and that applies to all of them—we pay a succession duty to the province at a high rate, and we pay a second duty to the federal authority at a relatively small rate, but no allowance whatever is made by the federal authority for the tax paid to the provincial authority.

Mr. MARTIN: As in income tax?

Mr. HANSON (York-Sunbury): As in income tax. You are taxed on the tax you pay the province.

I call attention to another provision. For years in New Brunswick there has been a provision that life insurance may be taken out and assigned to the provincial treasurer earmarked, so to speak, for the payment of succession duties. To the extent that the duties are assessed and levied and paid out of that policy of life insurance, which, in many instances, has been placed for that specific purpose, there is no tax on that insurance. There is no tax to the extent that it is taken up by the assessment, and by doing

that you avoid the tax on a tax. It is a fair provision. Many people have already regulated their affairs to give effect to it, and I suggest that the minister ought to have some such principle in this bill, so that, for instance, a policy might be assigned, say, to the Receiver General of Canada under a provision similar to that which exists in some provincial statutes. He could make provision for this tax without having the estate liquidated, perhaps in a very difficult period. I know of no fund out of which succession duties are paid more easily than out of life insurance if one can afford to carry it. He might incorporate that principle and avoid for his successors the tax on a tax; for that is what it amounts to.

By this section the government will take a tax on what my estate may have to pay to New Brunswick, or the estates of hon. gentlemen opposite may pay to some other province. I suggest that double taxation has almost become a racket in this country. It is not fair. It cannot be justified on any basis of equity or common justice, and these two taxing authorities should get together, at least on this point, and give some consideration to the poor taxpayer. Everyone is defending the revenues of the country, but no one is saying a word for the taxpayer. This is not a war measure, I do not care what the minister says; it is an invasion of a field of the province and it could be got along without. I think the minister will find that, with the growing national income, many of the new taxes he has imposed, and some of those he has imposed since the budget began, will take up all the slack he needs. Surely he can exercise some leniency to the taxpayer so that he will not be taxed on a tax. That kind of taxation is an abomination. We have had it for years. I remember years ago when they put a tax on corporations on the same money that went to pay dividends to shareholders who paid income tax on that as well. The minister of the day, who is now sitting quietly in the other chamber, admitted the inequity of the thing but defended it on the theory that they needed money. The minister ought to give consideration to this plea, that the tax paid to a province should not be taxed by his department, and he should add a provision that if a person assigns insurance on his life, payable to take care of this tax, that should not be taxed. That is based on elements of common justice.

Mr. ILSLEY: The hon. gentleman has stated several times that there should not be any tax on a tax and that the proposition speaks for itself. I challenge that statement, and I put the simple case of the person who pays the tax on sugar. Everyone in the