

much more money would be available for commercial enterprises if the burden of the income tax—the supertax at least—were considerably less than it is at the present time. I shall presently refer to the situation as it exists in the United States. As the Prime Minister said, we are faced with ever-decreasing income tax in the United States, and this fact is having its influence upon our national life. We cannot, therefore, much longer maintain in this country a higher rate of income taxation than is levied in the country to the south of us. The government of the United States is looking forward to the ultimate removal of the income tax; they anticipate its abolition ultimately. We, on the other hand, are apparently endeavouring to make it an absolute fixture. Many of my hon. friends in the far corner of the house oppose any remission of the income tax because, as they fancy, other taxes will be imposed upon the people. May I assure those hon. gentlemen that the buoyancy of business which would attend any substantial reduction of this tax, the release of large sums of money which would not otherwise be available for industrial development, would compensate, as it has done in England and elsewhere, for the increase in taxation—if any—that might be necessary in any other direction. By this means we should broaden the whole foundation, the whole base of our structure of taxation. If we could assure the people of the country that there would be a flat rate of income tax, say, 10 per cent, or any figure you choose, without a supertax, we would be surprised at the effect this would have on the business of the Dominion. I emphasize that statement because the experience of Great Britain proves it beyond question. Formerly they levied a tax of 2 pence on the pound, or 4 cents on five dollars; then it was increased to sixpence on the pound, or 12 cents on five dollars; and gradually the rate went up to 20 cents on every five dollars until finally it reached the point where the government took \$2.50, or 10 shillings out of the pound to maintain the national life of the country and to provide for the demands of the sinking fund. Probably, Mr. Speaker, I have said enough on this point. There is not much to be gained by an opposition suggesting anything with respect to the income tax nor indeed, for that matter, respecting taxation generally. Taxes must be imposed by the government and under our institutions proposals in this regard must originate with the administration of the day. The government only can take the necessary action in this respect.

And now I should like to discuss for a moment the sales tax which the Minister of

Finance tells us he is reducing 25 per cent this year. It is suggested that next year he intends reducing it still further by 33½ per cent and the next year 50 per cent. Stated thus, the reduction has a more imposing sound than if the minister had said that he was reducing the tax by one per cent, or whatever rate he proposes. The sales tax has always been regarded as objectionable, but when my hon. friends opposite came into power they increased it to 6 per cent. The result was so alarming that they decided to reduce it at the same session, so that finally they restored it to the rate that was in force at the time they took office. There are, of course, many exceptions allowed for by order in council, as the Minister of the Interior (Mr. Stewart) would say, whereby the executive may determine who shall be exempt from the payment of the tax. I suggest that it should not be left to the executive to decide this question; this is a matter that should be determined by parliament.

Mr. ROBB: My hon. friend knows that under the constitution this power has been in our act since confederation. The government has power to reduce taxation.

Mr. BENNETT: Surely my hon. friend realizes that I am perfectly well aware of what is in the constitution in this regard. The point I desire to make is that in imposing this form of taxation you subject the executive to unfair pressure by asking them to put certain commodities and classes of people upon the free list, exempt from taxation. That is the point I want to make. In my opinion it would be better for the government itself if this question were left to parliament entirely. It seems to me to be one of the essentials which we are overlooking. We contend that the sales tax should be abolished. Why? The Minister of Finance asks, where shall we get the revenue from? If economy were practised in this country, if an annual sinking fund were put away, money being earmarked for this purpose when derived from the sales tax, then I could understand my hon. friends desiring to continue the tax. But so long as no part of the money is earmarked for some special purpose, so long as there is no statutory sinking fund, so long as reckless expenditure of public money continues, then I say the time has come when this form of taxation should be removed.

Now let me give you an illustration. The other day a lawyer friend of mine had to have an appeal book printed for the Supreme Court of Canada. He had to pay the printer the sales tax on the cost of that book, and