

Hon. Mr. DANDURAND: It reduces the stamp tax on cheques from \$2 to \$1 as a maximum.

Hon. Mr. FOWLER: Why is that? Have you too much revenue now, that you want to get rid of some of it? What is the reason for the change?

Hon. Mr. DANDURAND: I mentioned two reasons. Many representations have been made that the tax was too heavy in the case of a single transaction in which cheques were exchanged. The \$2 tax was imposed on each cheque. The second reason is that it has been noticed that a number of accounts have been opened in border cities of the United States in order that the heavy tax on cheques in Canada might be evaded. The stamp tax is an experiment which Canada has been making alone, and in advance of all other countries. It has been felt by the Minister of Finance that we should accept the suggestion to reduce the maximum tax on cheques to one dollar. This may involve some loss, but there is a compensation in the greater readiness to accept the law. There have come under my own notice a number of devices used throughout the country for the purpose of escaping the stamp tax. Probably the country will stand to lose nothing by the reduction.

Hon. Mr. FOWLER: Are you not rather discouraging the exercise of ingenuity by the people in making this change? Another point: does it not seem like a discrimination against the small dealer in favour of the large? You have made no reduction on the smaller cheques; you still charge 2 cents for a cheque of \$1, \$5, \$10 or \$20, and it is usually for such small amounts that the ordinary cheques are written. On the other hand, you make a reduction in favour of the people who are doing large business, involving thousands and hundreds of thousands of dollars.

Hon. Mr. DANDURAND: The large dealers have more transactions, and issue ten cheques for every one issued by the small dealers; so they pay in proportion to the operations they carry on, which are closed by cheques. All are on the same plane. Those who issue cheques for current household expenditures do not have to pay more than \$1 tax. People who have an income ten times larger than the average usually have to issue ten times as many cheques. Furthermore, the issue of a large cheque does not necessarily indicate prosperity or profit. It is hard to see how, by limiting the maximum tax to \$1, the more prosperous people escape

Hon. Mr. FOWLER.

the obligation of paying their fair share. I do not believe it is so.

Hon. Mr. GORDON: Every argument which you have advanced for reducing the taxation on cheques applies with much greater force to a reduction of the tax to the borrower. The lender of money is continually issuing cheques and under this Bill he will get off with the maximum tax of \$1, whereas the borrower must pay 4 cents per 100, as in the case that I instanced this morning. A cheque issued for \$1,000,000 bears a stamp tax of \$1, whereas the borrowing of \$1,000,000 is taxed \$400. Why this discrimination? I could understand the proposed reduction if the tax on the borrower were also reduced. At the same time, I doubt the wisdom of reducing either, because, as I said before, this method is one of the least painful ways in which taxes may be extracted from the people. You have advanced no reason whatever why the borrower should be taxed so much more than the lender.

Hon. Mr. CASGRAIN: The Minister of Finance in another place explained that the maximum tax should be limited to \$1 because in large transactions the margin is so small, amounting to perhaps one-sixteenth or one-thirty-second of one per cent. Many transactions in which cheques must be exchanged would not be made if the tax were large. That is the reason given by the Minister—that the margin on the transaction was so small that it would not stand a stamp tax of more than \$1.

Hon. Mr. FOWLER: It is very refreshing and encouraging that at least one member of this House keeps himself au fait with the transactions in another place.

Hon. Mr. GORDON: I hope my honourable friend (Hon. Mr. Casgrain) did not intend that as an answer.

Hon. Mr. CASGRAIN: No. The honourable leader will answer.

Hon. Mr. DANDURAND: The only answer I can give to my honourable friend is that the Minister of Finance thought it would be too great a loss to the Treasury of Canada to make a reduction also on notes and drafts.

Hon. Mr. GORDON: It is desirable to have the taxes made as equitable as possible. Every citizen in Canada should be willing to pay his fair share of the taxes, and no doubt we are all interested in having the taxes distributed equitably. It must be patent to every person that the tax, as it was originally,