

very much higher rate than their existing law, and while our taxation is about on a par with their new proposals, it is double or more than double the taxation I had in mind when I made the estimate of \$3,000,000 or \$4,000,000. I have always held the view that our income taxation here should not be materially heavier than the taxation in the United States, for reasons that will be obvious to the committee. Whether or not we will get \$15,000,000 from this taxation I am not prepared to say, but on talking it over with the commissioner of taxation we reached the view that we might get that figure.

My hon. friend says that we should have introduced this measure earlier. I do not desire to enter into any controversy over that, but I would like to point this out. For a considerable period after this war broke out the business and industrial interests of this country were greatly dislocated, and I cannot imagine anything that would have been more unwise, in 1915 at least, than to have brought in an income tax measure, because at that time owing to the dislocation which prevailed on account of the war it would have been a most serious and discouraging burden upon the people of this country. We had a pretty prosperous year in 1916, and I brought down the Business Profits Tax, which is giving us a very handsome revenue. The idea of that was to take a portion of the abnormal profits earned by firms and companies during the war. This year we increased that tax, and having regard to the financial condition of the country at the time I brought down the Budget, having regard to the fact that our revenues from all sources enabled us to pay all ordinary expenses, all capital and special expenses, all the increased interest charges due to the war, and all pensions, and still have left some \$60,000,000 to devote to the payment of principal on war expenditure, I thought it inexpedient and unnecessary to bring in an income tax measure. But, with this new measure now adopted by the House, and having regard also to the fact which I mentioned, which is a most important fact, that by reason of the compulsory provisions of that measure there exists a just and proper sentiment that those who have substantial incomes should contribute substantially to our growing expenses of the war, I felt this to be a proper measure to bring in at this time.

In answer to what my hon. friend says about the unmarried men, I would like to state I traversed all that ground before

bringing this measure down. There are many men who are unmarried because they have others dependent upon them. I do not believe there are very many single men without dependents who have large incomes. There are many unmarried men who have incomes of \$2,000, \$3,000 or \$4,000 who have many dependents upon them that the public know nothing about. I know of many such cases. I thought if we made a distinction of \$1,000 between the unmarried men and the married men, in favour of the latter, that it would be a fair distinction. When I was in Washington I made some inquiry about the reduction of the exemption limit from \$4,000, which is the limit under the existing legislation—

Mr. A. K. MACLEAN: Three thousand dollars in the case of unmarried men, and \$4,000 in the case of married men.

Sir THOMAS WHITE: I was speaking of the married men. I made some inquiry with regard to the reduction from \$4,000 to \$3,000, and from \$2,000 to \$1,000, and, while I am not prepared to mention names, I may say it is felt there that they have gone quite a distance in reducing the exemptions to \$2,000 and \$1,000 respectively. I know this is a subject on which differences of opinion may exist, but, having regard to the cost of living and to the fact that a married man has dependents, and that many single men have dependents, and for that reason do not marry, I felt if we fixed the exemptions at \$3,000 and \$2,000 it would be about fair play.

In the United States, as I said, the corporations are liable to the normal tax, while their shareholders are liable to the general measure of taxation which embraces both the normal tax and the super tax. Therefore, in this regard, our taxation follows the same principle as the British and the American taxation.

Mr. CARVELL: It is not very often that I heartily congratulate this Government on the measures it introduces, but I do so on this occasion. I have some objection to the details, but to my mind the principle is such a step in the right direction that we can very well forgive the Government for any error of detail it may make. I can hardly forgive my hon. friend from Halifax (Mr. A. K. Maclean) for reminding the minister that he stated some time ago that this income tax could not be worked out, because that was almost finding fault with the minister, or trying to point to some of his delinquencies in the past.