

Mr. ILSLEY: No, it has never been so regarded. Let us consider it fairly. When the government imposes higher taxation and increases taxes on wage-earners in the country it can properly, and invariably does, extend that higher taxation to persons working for the government. It is applicable to civil servants as well as to the servants of industry. Nothing else would be practicable, nothing else would be reasonable. It is not a breach of contract for the crown to propose taxation. Some years ago when 10 per cent was deducted from the salaries of civil servants it was argued that this same deduction should not be made from the salaries of judges.

Mr. HANSON (York-Sunbury): The civil servants argued that it should not be deducted from their salaries.

Mr. ILSLEY: The civil servants never argued that, but it was argued that it should not be deducted from the salaries of judges.

Mr. HANSON (York-Sunbury): On the basis of an implied contract.

Mr. ILSLEY: It was not on the basis of a contract; it could not be on the basis of a contract because the contract with the judges was no different from the contract with the civil servants. It was argued on the basis that judges' salaries should be regarded as sacrosanct and immune from deduction because of the great importance of the independence of the judiciary. That was the ground upon which it was placed.

Mr. HANSON (York-Sunbury): It was not the only ground.

Mr. ILSLEY: It was the only tenable ground. Mr. Bennett, who was then prime minister, resisted the deduction from judges' salaries on the ground that there you had a class, the independence of whom was of paramount importance and there should not be any deduction. However, finally he did impose a special 10 per cent tax on judges' salaries on the ground that it is never regarded as a breach of contract or a breach of anything else to impose a tax. We are the taxing authority and we can impose taxes without regard to contracts of service.

Mr. ROSS (Calgary East): Are you not imposing a double tax on annuities? Is not the annuity taxed when it is first issued, when the person is setting aside the money with which to buy the annuity, and then later on?

Mr. ILSLEY: Is the hon. gentleman talking about government annuities?

Mr. ROSS (Calgary East): Yes.

[Mr. R. B. Hanson.]

Mr. HANSON (York-Sunbury): There is plenty of double taxation.

Mr. ILSLEY: With regard to government annuities, the purchaser of an annuity buys it with money which has been taxed. There is no doubt about that. He will have paid a tax on his income before he saves the money with which to purchase an annuity. But the principles applicable to the purchase of an annuity are these: The purchaser of an annuity lays out capital and in return he gets income. He does not get capital back. He may live two years or he may live twenty years. If he lives two years he does not get his capital back and he is not entitled to his capital back; if he lives twenty years he gets a lot more than his capital back. The title to the capital has disappeared and in its place is income. From 1842 down they have taxed that in England. Even though the capital went into it, the capital has gone and income has taken its place.

Let me come to the amendment. This is a want of confidence amendment, a sort of catch-all amendment. It reads:

This house is of the opinion that it is expedient that measures be taken by the government to remove amongst Canadian workers the causes of justifiable discontent brought about by the government's policy in relation to frozen wages, unjust methods of imposing war taxes, and in the rationing of certain food products.

The measures that are to be taken are not clear; they are extremely vague. I am not sufficiently acquainted with the rules of order to give an opinion as to whether or not the amendment is out of order, but is this the occasion to precipitate a triple debate? If we were to take the amendment seriously we would have three great debates. First, we would have a debate on the government's wage policy; second, on the whole taxation system of the country, and, third, on the rationing policy of the administration. I submit that this is not the time or the occasion for those three debates, and I certainly am not going to undertake a presentation of the case on this occasion for the wage policy of the government or the taxation policy of the government or the rationing policy of the government. These should come up at the proper place and under the proper estimates. There will be an abundance of opportunities to deal with all of them. The only position I can take is that this is a want of confidence motion. If the house adopts it, we cease to function as a government. If the house does not adopt it, if the house votes against it, there will be abundant opportunities for hon. members to present their arguments against any specific matter to which they object.