

Special War Revenue Act

we can rectify this condition and get started off right, we are not in such a hurry to wind up the business of the session that just because this proposal has been put before us by the Finance minister and he says, "I am going to put it through whether it is a fair tax or not," we are not going to accept such an unfair proposal. There is not a member of this house who dare stand up before a body of men who know anything at all about political economy and say that this proposal could by any possibility be a fair tax. It is absolutely unfair, and it cannot be made anything else. On the other hand, an ad valorem tax would be absolutely fair, it could be easily imposed, and be much more easily collected. Any accountant who wants to figure it out will find that if that 3 cent tax was on every \$100 of value, instead of on the par value, it would create a revenue four or five times as great as now when it is simply based on the par value.

Why should we hasten through the committee a proposal of this kind? I thoroughly understood from statements made to me by the Minister of Finance that the tax that is in effect now was an ad valorem tax, but when I looked into the matter for myself I found that it was not an ad valorem tax or anything that looked like an ad valorem tax. The only part of it that is an ad valorem tax is the tax on no par value shares, and those shares were not taxed at all, I believe, for a number of years because the department did not know how to tax them. The act did not provide for taxing no par value shares, and finally the shares were taxed under the present Minister of National Revenue on the basis of value, and that is an ad valorem tax on shares of no par value. But on every other share of stock it has been an absolutely unfair tax, and it has placed an unjust burden on the small investor and on the smaller priced stocks which are used for raising money for the development of new industries, and particularly the mining industry. Surely this committee is composed of men with business ability enough, with common sense enough—for that is all it needs—to see the unfairness of a tax of this kind. You do not need any business training to see the unfairness of the present tax; all you need is common sense. Any school boy or school girl in this country who knows anything at all about taxation knows that a tax on value or an ad valorem tax is the one general way of imposing taxation that can be fairly distributed according to the ability of the taxpayer to pay.

I should like to hear from some lawyer as to the interpretation of section 58. I know

[Mr. Lang.]

the section provides for a tax of 3 cents on every \$100, not of value, but of par value, of shares of stock transferred or traded in. Surely any person can see how unfairly it has worked out. It has been absolutely unfair and oppressive upon those who should not be discriminated against. So much for the present tax in effect since 1922; and if this proposed tax is put into effect we shall have for another year a tax that is every whit as bad as the tax we have had since 1922, every bit as unfair, every bit as unjust, inequitable in every respect, and a tax that in my judgment, and I believe, in the judgment of any person who will give it careful study, will not bring in any more revenue to the treasury than the present tax does, because just as soon as such a tax is imposed those affected are going to seek ways and means of evading it. That is what they did under the old tax to a certain extent. That probably was the reason why quite a number of companies were incorporated with no par value stock; the incorporators saw a possible chance of getting by without any taxation. I think the National Revenue department owe it to this house, when bringing down a change of this kind, to state how the old tax worked out, and when they discovered a way of imposing the tax upon corporations with shares of no par value. Of course, had such companies reorganized and converted their no par value stock into par value stock of \$1, a company such as Noranda, whose shares are selling to-day at \$54, would not be taxed on the extra \$53 at all. A tax such as this is manifestly unfair, no person can make it appear anything else, and when it is so easy to impose an ad valorem tax I cannot understand why it is not done. An ad valorem tax of 3 cents on \$100 would work out all right and would be fair to everyone. I do not intend to let this proposed tax go into effect so long as I can do anything to hinder it, because it will not be fair to the people of Canada, and therefore should not be imposed.

Mr. LAWSON: I am indeed reluctant to have anything further to say on this subject by reason of the length of time I devoted to it last week, but to-night the Minister of Finance has made two statements which I cannot allow to pass. One is obviously an error, the other is misleading. If I remember correctly, in the case cited by him to-night, he quoted figures to show that the province of Ontario had derived something like four or five times more revenue from the transfer of shares than the amount received by the Dominion treasury.