

Mr. LEMIEUX: The one thing which will stagger the people of this country in connection with these income taxation proposals is the fact that they will be called upon to pay three sets of income taxation; first, a municipal tax, which I think exists in every province—it certainly exists in the province of Ontario, as all residents of Ottawa know too well—secondly, a provincial income tax, and now, superimposed upon these two taxes, comes the federal income tax. I do not say that I am opposed to a system of income taxation. Indeed, I warned my hon. friend a year and a half ago, when he introduced his business profits tax, that he would yet have to come to the income tax, which of all taxation measures is the most natural and the fairest. According to the best authorities, such as Adam Smith and Thiers, the income tax is the least objectionable of all systems of taxation, because it makes no distinction as between the taxpayers. The Minister of Finance stated at that time that an income tax would involve too large an expenditure in its administration. However, he has changed his mind, and to-day he lays before the people of this country a system of taxation which will bear heavily upon the taxpayers of Canada. The minister states, however—at least, that is what I gathered from his remarks this afternoon—that this income tax is only temporary, that when the war is over it will be either revised or wiped out. Personally, I do not share the optimism of my hon. friend on this point, because as a student of history, I remember that when the first income tax was introduced in England by the younger Pitt at the time of the Napoleonic wars, a distinct pledge was given that it was only for the duration of the war, but Sir Robert Peel, Mr. Gladstone, and all the other great chancellors of England had to admit that the thin edge had been introduced into the taxation system of the United Kingdom, and the income tax was there to remain. In spite of the hopes of my hon. friend, bright as he thinks they are, I really believe that the income tax has to-day entered into the politico-economic system of Canada, to stay there for many generations.

Let me now emphasize what has just been said by my hon. friend from Pictou. If the people of this country have to be bled, and bled white, it seems to me that the duty devolves upon this Government to exercise the strictest economy in its expenditures; the Government should be implacable in its reductions for the sake of economy. In the present financial crisis

[Mr. Macdonald.]

which prevails all over the world—and that it is world-wide is made abundantly clear by the last presentment that was made to the British House of Commons by Mr. Bonar Law, as given in to-day's papers—it seems to me that the Government should reduce its ordinary expenditure to a minimum. I dare say that the Minister of Finance has read the article which was published a few weeks ago in the financial edition of the *New York Post* by Mr. Hirst, the late editor of the *London Economist*, possibly the greatest financial authority in the British world. In that article, after calculating the war indebtedness of the different warring nations, he predicts that sooner or later, and probably sooner than later, some of the warring countries will be forced to repudiate their national debt. I do not say that this will happen in Canada, but it is well to pay heed to this warning from one of the highest financial authorities in the world. I am not referring to the war expenditure, although that, of course, should be very closely checked by the Minister of Finance, the Prime Minister and the Minister of Militia and Defence, but I say that the ordinary expenditure should be reduced by at least 50 per cent. There is no reason why to-day we should be building wharves, breakwaters, post offices and armouries in this country. There is no reason why at this present session, when we are asked to pass this drastic legislation, the Government should insist upon the passing of the Quebec and Saguenay implementing Bill. There is no reason in the world for that, and if this miserable piece of legislation is insisted upon, it will revolt the people.

Then there is the Highways Bill, which it is intended to introduce during this session. That Bill involves an expenditure of millions of dollars, and for what purpose? The highways are primarily under the jurisdiction of the provinces, and that expenditure if decided upon should be under provincial control. If we were living in ordinary times I for one would say: Very well, let the Dominion Government increase the provincial subsidies, and let those subsidies be specifically applied, so as to connect the highways of the different provinces from ocean to ocean.

But we are told that such will not be the measure, that, on the contrary, it will afford the Government an opportunity at the proper time to spend vast sums of money for the highways of the Dominion. It is further stated that this expenditure