

I agree with a great deal of what has been said commending the action of the hon. Minister of Finance in bringing down a measure providing for an income tax. I think the principle of the measure is desirable from many points of view. It is direct taxation, and, therefore, it is definite. Those who pay know how much they are paying, and the money is paid into the treasury. It is not the same as a tariff imposition, under which for every dollar paid into the treasury two or more dollars are paid into the pockets of those who have the benefits of the tariff provision. To that extent I desire, therefore, to add my support, to that which the Finance Minister has already received. But, when I agree with the principle and the desirability of establishing a principle, I am also compelled to follow the criticism that has been made by other members on this side, in recognizing that the upward graduation of the tax as the hon. minister proposes it does not appear to me to be adequate, considering the circumstances in which we are placed to-day. In these special circumstances, when extraordinary expenditures are being made, when debt is being piled up as it is to-day, it appears to me that there should be a heavier levy on the larger incomes than is imposed by the measure now before the House. To that extent I would agree with those who have taken exception to the measure. I am also compelled to agree with the remarks made by the hon. member for West Lambton (Mr. Pardee), that it is unfortunate and undesirable that it should be held out to the country that in consideration of the imposition of the income tax, there is contemplated, or may be contemplated a remission of the excess profits tax. It is true the excess profits tax has been criticised from varying points of view. It has been said, of course, that no taxation is pleasing, and that it is an easy matter to find fault with any form of taxation, and no doubt the excess profits tax imposed by the Minister of Finance a couple of years ago has points and features that press unequally or unfairly, and is capable of great improvement. At the same time, I am sure the Finance Minister must recognize that, from this side, speaking generally, he received support for the principle of the excess profits tax. There was disagreement as to details, but I do not think there was any disagreement as to the principle that there should be such a tax. Some people objected that it was excessive, but I

am compelled to take the view that it was below the mark rather than in excess, considering the circumstances in which we are placed. It was imposed especially as a war measure, as I understood the matter. It proposed to deal with a condition which existed, in which excessive profits were reaped because of the existence of war. It is only natural, right and proper, that when such excessive profits are being reaped by reason of the existence of war, and when it is obvious that these excessive profits must cease when the war ceases, there should be excessive or extreme taxation upon these profits in order to balance the situation; that is to say, a heavy tax on excess profits, and especially on war profits, is a proper measure of taxation at this time. And if it is contemplated, as it appears to be, that the excess profits tax shall cease, to be replaced by the present income tax, I consider that to be exceedingly objectionable legislation. I consider that the principle involved in the remission of the excess profits tax is a bad principle, and that that remission is not balanced by the imposition of the income tax. It has been said here to-day that the advantage of the income tax, or of any direct tax, is that it can be made to bear more heavily upon the wealthy than upon the people of ordinary means, whereas a tariff tax must bear more heavily upon the man of lesser than upon the man of greater means. For that reason, looked at from a proper economic standpoint, the income tax is essentially a desirable form of taxation. But when we find that the special taxation taken from war profits and levied because of war conditions is to be abrogated, and in the place of that is established an income tax, which, being lightly graduated upward, rests more heavily, in proportion, upon the men of lesser income than upon the men of greater income, I can only take the view that the minister, while adopting a sound principle, has not given that principle the effect that should be given to it.

We must have money to carry on the business of the country. If that money does not come from one source, it must come from another. If it does not come from the excess profits of those who are fortunate under war conditions, if it does not come from the man with large income, then it must come from the man with a small income, either through the income tax or through the exactions of the tariff. This is a time and an occasion in the history of this country during which, while there has been a vast outpouring of money