

Now, the income tax was increased by the Minister of Finance two years ago by removing the freedom from normal tax of dividends paid by Canadian corporations. Having increased the burden of taxation by this form of double taxation, last year he reduced the burden of income tax by 10 per cent, and this year he proposes to reduce it by another 10 per cent, making the reduction 20 per cent in all. But that 20 per cent barely makes up what he took from the taxpayers by the added burden placed upon them. The hon. member for Lisgar (Mr. Brown) the other evening said he was not greatly interested in this form of double taxation. He is a fair-minded gentleman. Let me put this case to him. He has a farm, and when he sells his wheat he makes a thousand dollars net profit. The tax gatherer deducts therefrom \$50, or 5 per cent. The hon. gentleman then takes the \$950 and deposits it in the savings bank, but the tax gatherer, having found his name among the depositors, takes off \$47.50 from the \$950. Would my hon. friend regard that as fair?

Mr. BROWN: The analogy is by no means a correct one.

Mr. BENNETT: The position is this, Mr. Speaker. Double taxation has been denounced by Mr. Gladstone, by Mr. Goschen, and by every other great chancellor of the exchequer in Great Britain, and they have always endeavoured to avoid such taxation. When the earnings of corporations have been taxed, then to the extent that the money available for distribution has paid its toll to the exchequer, it should be free from income tax when it comes into the hands of the individual shareholders whose money it is. That is but a fair proposition, and one that I am sure will commend itself to fair-minded gentlemen in every part of this house. That is the first proposition.

But my hon. friend, true to the traditions of his party, desiring to obtain some kudos where none was due, first of all increases the tax, and then says: Look at what I did in reducing it! That sort of thing injures the country as a whole. Why should he not be perfectly frank about it and say, "I will reduce the income tax." Is it because he is afraid of the hon. gentlemen who sit to his right? I would not be under similar circumstances, for I believe they are sufficiently fair-minded that they do not want to tax money twice if they understand what the real position is. I have never discovered among my fellow-Canadians any desire to be unfair to anyone when they have a real appreciation of the facts. That I can say

with great certainty, and I am perfectly confident that if they understood that what is sought to be done is to take the same dollar and tax it twice, they would say: This is not a fair or proper thing to do. I do not think there is anything at all in the suggestion that those hon. gentlemen are supporting the income tax because they have none to pay themselves, for from what I know of them they would be only too glad to pay income tax if their incomes were sufficiently large.

But may I go a step further in dealing with the income tax, because, I repeat, Mr. Goulburn, the great Chancellor of the Exchequer in Sir Robert Peel's administration, and Mr. Goschen, both dealt with it in connection with the conversion of the national debt of Great Britain. In England securities are usually issued so they may be called for payment at a certain date before maturity, and I do suggest to the Minister of Finance that when he does any further financing he should consider whether or not it is not desirable to do what all corporations now do, provide that all securities may be callable at fixed prices after notice. That was the case that Mr. Goulburn had to deal with in the great debt conversion of 1844. I commend to every hon. gentleman the great speech in which he moved the resolution for the conversion of the national debt at that time. Forty-four years later Mr. Goschen made one of the most memorable speeches on finance that has been heard in modern times when he converted the British debt and saved the taxpayers of Great Britain annually half a million sterling or more. We have two billion dollars drawing 5½ per cent interest, redeemable roughly in 1933, 1934, 1935, 1936 and 1937. That means an annual interest charge of 110 million dollars. If the interest could be reduced to 4½ per cent we would save 20 million dollars a year, which is more money than was taken out of the pockets of individual taxpayers by income tax last year.

Then why does not the Minister of Finance devote his energies to converting our national debt upon a large scale, instead of reading us some piffling remarks written by an economist a hundred years ago? Let me go further. The saving of 20 million dollars a year on the refunding of the debt might be possible if you would say to the holders of the 5½ per cent tax-exempt securities maturing within the next nine or ten years that there would be freedom from or great reduction of income tax during the next decade. Does it ever occur to hon. members that in addition to the 110 million dollars free money, the exemption from income tax for