

United States during the same period raised 69 per cent by direct taxation, and only 31 per cent by indirect taxation; while Canada, in the period under review, raised 11 per cent by direct taxation, and no less than 89 per cent by indirect taxation. My friend the hon. member for Huntingdon and Chateauguay (Mr. Robb), has handed me Hansard, from which I shall quote in order that I may not rest under the imputation of having misquoted the Minister of Public Works (Mr. Carvell). On the 26th of February the minister said: "It is so big that a matter of \$10,000,000 does not matter much one way or the other." So, I do not think I was unfair in the way I quoted him.

Now, I wish to call the attention of the House to what the United States is doing. In the issue of the New York Nation of March 1, there is a most interesting article by Mr. Thomas S. Adams. Mr. Adams is Professor of Political Economy in Yale University and is War Revenue Expert in the Treasury Department of the United States Government. What he says is so interesting that I will ask the House to bear with me while I read it. He says:

The Revenue Act of 1918—

That is, the Revenue Act of the United States.

—will impress the student of financial history as a signal victory for certain theories of taxation which a few years ago were regarded as "socialistic." Within a quarter of a century Justice Field pronounced an income-tax law socialistic and unconstitutional because it exempted incomes of less than \$4,000 from the 2 per cent "burden" which it imposed upon larger incomes; and heated controversy waged about the practicability and propriety of progressive rating. But the Revenue Act of 1918, designed to produce in the first twelve months of its operation \$5,788,260,000, will raise more than 80 per cent of this sum from progressive income taxes.

The estimates are worthy of notice. The war-profits and excess-profits tax—a form of income taxation unknown five years ago—is expected to raise \$2,500,000,000, or 43 per cent of the entire tax budget. The income taxes proper, individual and corporate, will raise \$2,207,000,000 additional or 27 per cent of the tax budget. Ability taxes—

I understand that the word "ability" has reference to taxes placed on those who are able to pay, and not on those who will feel the burden grievously.

Ability taxes therefore account for more than 81 per cent of the entire tax levy. If we add progressive estate or inheritance taxes the proportion rises to more than 82 per cent; and if or 37 per cent of the tax budget. Ability bacco and other luxuries—

I do not know whether all hon. members in the House will regard tobacco as a lux-

ury. Some, indeed, may regard it as a necessity.

—together with taxes on admissions and dues, we account for nearly 94 per cent of this colossal tax bill, leaving only about 6 per cent to be provided by taxes on transportation and on necessary processes of production and commerce.

If I may pause here, Mr. Speaker, to interject a remark, it is this, that we have long regarded the United States as the example par excellence of a highly protected country, gathering into its treasury, to meet its public expenditures, the great part of its income through customs tariff. That day has passed. The progressive democracy of the United States now taxes those who can afford to pay, in order to obtain the money required to carry on the affairs of the country.

Practically no tax is laid upon articles of actual necessity. Contrast this with the tax programme of the Civil War and we find much reason for congratulation. The new Revenue Bill may be full of imperfections, but it represents a striking victory for ability taxation and democratic finance.

The most important feature of the new law is the striking advance in rates. Income-tax rates have, for most taxpayers, been more than doubled. The taxpayer having a wife but no children will pay, on an income of \$3,000, \$60 under the Revenue Act of 1918 as compared with \$20 under that of 1917; on \$10,000, \$830 as contrasted with \$355; and on \$100,000, \$35,030 as contrasted with \$16,180. These amounts are not high in comparison with the similar British taxes. For example, a married man with no children or dependents would pay 3.6 per cent on an income of \$5,000 in this country as contrasted with 15 per cent in the United Kingdom; on \$25,000, 14.8 per cent as against 35.75 per cent; and on \$100,000, 35.03 per cent as against 47.19 per cent. The British rates are notably in excess of our own for incomes under \$150,000. The two schedules meet at \$200,000, and on larger incomes the American rates greatly exceed the British. An income of \$1,000,000 will pay 70.3 per cent in this country, but only 52 per cent in the United Kingdom.

"This country," of course, means the United States. Now—if I mistake not,—a man with an income of a million dollars in Canada does not pay anything like 70.3 per cent. I may say, however, that the author whom I have been quoting thinks that a rate of 70.3 is too high and will possibly lead to attempts to evade the tax.

My next point is this: The United States has a population about twelve or thirteen times greater than our own, and I think I am well within the mark when I say that its annual income or wealth is not more than twenty times as great as ours. That is merely an estimate. There are no figures, but I have checked that estimate with a gentleman who above all others is best