

An Act for the relief of Florence Amelia Kennedy.

An Act to authorize the issue of a patent to James Wallace Tygard.

An Act respecting a certain patent of the Sharp Rotary Ash Receiver Company, Incorporated.

An Act to incorporate The Canadian Council of The Girl Guides Association.

An Act respecting The Canada Preferred Insurance Company.

An Act respecting The Western Canada Accident and Guarantee Insurance Company.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1918.

WAYS AND MEANS.

INCOME TAX PROPOSAL.

The House resumed in Committee of Ways and Means, Mr. Blain in the Chair.

Mr. A. K. MACLEAN: When the attendance of this House was required in the upper chamber, I had observed that the country would at least approve the principle involved in the taxation proposal submitted to the committee this afternoon by the Minister of Finance, and that if there was any criticism of the same, it would relate entirely to the details of the proposals. The details of the resolution can be more profitably discussed when the Bill founded on the resolution is printed and distributed amongst the members. The taxation of income is as the minister has stated, a new form of taxation in this country except in so far as it is employed in the several provinces. My experience is that while there is an income tax in several of the provinces, still it is not enforced very rigidly and in the strictest sense I would think that there is still in Canada hardly any such thing as an income tax. One great value of this form of taxation will be that the taxpayer will take a greater interest in the expenditure of any money which he contributes directly to the public treasury. One of the evil effects of indirect taxation is that the taxpayer is apparently never fully seized of the fact that he is contributing anything in taxation to the public treasury. Consequently, he is as unreasonable in his demands upon the public treasury as are people who never contribute one cent either directly or indirectly. It is in the interest of sound national finance that we should have in this country some form of income taxation, and I have no doubt that once we have embarked upon it, the judgment of the country will be that it should be continued for many years to come.

The minister is a little alarmed that the imposition of taxation of this kind may, in the future, impede immigration. He left the impression upon me, at least, that in

his mind there was a fear that the intending immigrant would consider an income tax as unfair and oppressive. I hardly look at the matter in that light. Our taxation in this country is by no means light to-day; it is very high; indeed, it is excessive. The fact that it is paid indirectly in the form of customs taxation makes the average taxpayer blind to the fact that it is from him we obtain all our revenue. The average rate of customs duty to-day is, I suppose, 35 or 40 per cent, and nobody could say that that was a light rate of taxation. The minister, therefore, need not be apprehensive that in the future immigrants might be deterred from coming to Canada by reason of the imposition of the income tax. If the country is in fear that our taxation would impede immigration in the years to come after the cessation of the war, such fear can easily be removed by a lower rate of customs taxation, which is now very excessive.

I wish to refer very briefly to the statement made by the Minister of Finance in justification of his taxation proposals. He stated that he was urged to do this by reason of the fresh burdens which this country was about to assume owing to the passage of the Military Service Bill. That is hardly a good ground upon which to justify the resolution. It may be that the introduction of the Military Service Bill has accentuated in the minds of the people of this country the fact that from the beginning of the war up to the present time the Government has not imposed a sufficient burden of taxation upon the people in order to meet in proper proportions our unusual obligations due to the war. The Minister of Finance, in discussing his Budget proposals on the 24th of April last, took very strong ground against the imposition of an income tax, and argued very carefully and seriously the undesirability of imposing such form of taxation. I am not inclined to agree with him when he says that the justification of the income tax is due to the fact that we are about to engage in larger military operations by reason of the passage of the Military Service Bill. The truth is that almost since the beginning of the war we should have had in this country some form of income taxation. I do not say that it should have been imposed immediately at the commencement of the war, but I do say during the past two years we should have had some form of income taxation. Hon. gentlemen on this side of the House, and, I think, some hon. gentlemen opposite impressed this upon the minister on various occasions, in particular