

'Hansard' this morning. No doubt the resolutions have been before my hon. friend.

Mr. MACDONALD: I am not complaining about yours.

Mr. WHITE: I understand my hon. friend has no complaint on that score. It is only two weeks since war was declared; and during that time the Government has been obliged to face an altered situation in which, through no fault of its own, conditions have developed which could not be foreseen, whereby the revenues that we expected to derive will be substantially reduced and on the other hand our expenditures will be very materially increased. It is not necessary to go into details, because my statement yesterday gave all the necessary information to the House. We are in the initial stage only of what may be a long-drawn-out war, although we all hope that it will not be; and it may be that the Government will have to take many important measures to meet the conditions that may lie before us. For the present it is my object to devise such expedients that the taxation which we now lay upon the people will be moderate and general in character. The fiscal measures which I proposed yesterday will cast upon the people of Canada for the year only a small fraction of our increased military expenditure. I resorted to the expedient of increasing the Dominion note issue in order to enable us to raise some fifteen million dollars which we might not be able to borrow. We shall have the hon. member for Pictou, (Mr. Macdonald.) It would have been open to the certain. We canvassed the whole situation. We took into consideration the sources of revenue drawn to our attention to-night by the hon. member for Pictou, (Mr. Macdonald.) It would have been open to the Government to propose a stamp tax upon bills of exchange, promissory notes and cheques, and also to increase the postage rate, as he has suggested.

*Sir WILFRID LAURIER: And an income tax was suggested by my hon. friend from Red Deer (Mr. Michael Clark).

Mr. WHITE: I will come to that in a moment. In connection with the stamp tax, I would point out this to the hon. member for Pictou—and it applies to customs duties also—that there is a point beyond which you cannot go in raising duties without actually decreasing revenue. I am not at all certain that an increase of one cent in the postal rate would not have the effect of reducing rather than increasing the revenue. I say I am not certain as to that,

There is a possibility that such would be the result. I will point out also that the increase in the postal rates would fall upon all classes of the community, because in a community like Canada every family makes use of the post. As to a stamp tax upon the documents I have mentioned, it has been demonstrated that the collection of such a tax occasions a great deal of public inconvenience, and also that it casts doubt upon the legality of documents and thus causes litigation.

As to direct taxation, opinions differ as to the advisability of resorting to it. I can only say that we believe that the steps we have taken are the proper steps for the present. If in future it becomes necessary to consider other means of taxation, the suggestion put forward by my hon. friend from Pictou, the suggestion put forward by my hon. friend from Red Deer, and the suggestions as to a stamp tax and other methods of taxation resorted to by other countries, can be considered by the Government. For the present, the programme I have outlined seems to us a reasonable programme, imposing a comparatively small burden upon the people and leaving it open to the Government on a future occasion to consider other ways and means if such should be deemed necessary.

My hon. friend has stated that the duty on sugar will be borne by all the people of Canada including the wage-earners. That is true. On the other hand, my view is that the people of Canada without exception will desire in some measure, even if only in a small measure, each according to his means, to contribute directly towards this expenditure which the Government is compelled to make for the defence of Canada and the preservation of the Empire. I believe, therefore, that the taxation we have imposed will not be adversely criticised throughout Canada. I submit these views for the consideration of the House in connection with the suggestions put forward in the remarks of the hon. member for Pictou.

Mr. CARVELL: I quite realize that this is not the time to discuss the means of raising revenue or the result of any taxes proposed. Yet I fear that there are many on this side of the House and in the country who cannot agree with the minister when he puts forth the suggestion that a tax on sugar means that the people contribute to the revenue each according to his means. The difficulty is that the poor man is paying more in proportion to his means