

to-morrow. That difficulty is as old as taxation itself. One of the strongest arguments in favour of the land tax, which is the principal tax throughout this country under municipal taxation, is that the land is visible; it cannot get away. On the same principle, most of the provinces have adopted a business tax, because, when they come to levy, the business is there. One of the weaknesses of income taxation, from my experience of it, is that many assessments cannot be collected at all because when the collector, following the assessor, goes to discharge his functions, he finds that the party has moved. So that the argument put forward by my hon. friend is by no means a new one. We must impose taxation where it will be effectual, where it can be collected. My hon. friend referred the other night to the matter of imposing taxation upon thrift and industry and ability. Well, an income tax does that. One man has more ability than another man, he earns \$20,000 a year, and he pays more taxation in amount, and, frequently, in percentage. According to the argument of my hon. friend, such a man might complain that a tax was being placed on his superior ability. The state answers: You have your superior ability, but out of it you are able to make \$20,000. Your neighbour, who has not as much ability as you have, makes \$2,000 a year. We are going to tax you more than we tax him, because we think you can stand it better than he can. You have the ability; you have the superior industry; that is one of your advantages over him. In the same way, this tax applies to those who make excess profits beyond a certain percentage. The greater the excess profits, the more they will pay. I prefer to put it another way—and this may be helpful to my hon. friend—the more of this tax they pay, the more money they will make.

Mr. McCREA: I wish it to be understood by this committee that I do not object to paying. I shall be only too glad to pay the tax; the more it is, the better it will please me. What I am complaining of is that this tax as proposed will not touch 50 per cent of the people. More than 50 per cent of the population, composed of people who are able and willing to pay, will not in any way be affected by this proposed taxation.

Mr. NESBITT: Has the minister decided to include in the Bill the provision that the tax shall not apply to any business the capital employed in which is less than

[Sir Thomas White.]

\$50,000? So far as I have been able to discuss the matter with the people, those businesses that are capitalized under \$50,000 are perfectly ready and willing to pay their proportion of this war tax. This is evidenced by the subscriptions that are being made to the Patriotic Fund and to the Red Cross and other similar funds. I appealed to the minister on a former occasion not to limit this tax to those businesses capitalized at more than \$50,000. Is it absolutely necessary to mention that limitation? Certainly, under this provision, practically none of the people in our ordinary towns will be affected by this legislation.

Sir THOMAS WHITE: My hon. friend knows that in income taxation it is not unusual to exempt incomes up to a certain amount, and it is not unusual, with regard to incomes in excess of that amount, to provide that a higher percentage shall be paid. In other words, there is a line of demarcation. We thought it advisable to draw this line of demarcation at \$50,000, and I will tell my hon. friend why. If you reduce it below \$50,000, you really get down to an income basis. Ten per cent of \$50,000 is \$5,000; seven per cent of \$50,000 is \$3,500. If you adopted \$30,000 or \$40,000 as the line of demarcation, ten per cent would be \$3,000 and \$4,000, and seven per cent would be \$2,100 and \$2,800. I do not mean to say that some parties having a capital of less than \$50,000 would not be willing to pay. That was not the principle upon which we proceeded. In the first place, we wanted to place this tax on those who could well afford to bear it, and, in the second place, we had regard to what is a very important matter in taxation, namely, the cost of administration of the measure. If we did not state an exemption, if we said: This tax is going to apply to everybody carrying on business in Canada, then we should have to establish a system, with a Civil Service to administer it, under which every business in this country, small and great, would have to be visited. We should have to have a staff of assessors and other clerks in every village, town and city in this country. They would have to visit every baker's shop, every tailor's shop, every grocery store. They would have to visit all the floors of all the office buildings in order to make the assessments. The cost of doing that would be very great, considering the geographical extent of this country and the comparatively sparse population. My be-