

various businesses in which you are engaged. I think the principle must be recognized at once that there is no class of property in the state that should be made so available for taxation as incomes.

Take, for instance, the other classes of property upon which we levy taxation. The municipalities and provincial governments levy the great bulk of their taxes on real estate. There is no evidence *prima facie* that the property in question can pay the tax without feeling it severely, or without the owner suffering possibly to an extent which will be embarrassing. We levy a tax indiscriminately on property which possibly may not be self-supporting. We levy by indirect methods a tax upon products, a tax upon imports. It may be that those products and imports cannot readily pay the tax which is imposed upon them, and it may be found upon investigation that such is the case. It is unquestionably clear that income is profit. It can be readily ascertained whether a man has an income beyond that which he really needs to live upon. There is no class of property upon which a tax can be levied with the same degree of certainty as to the incidence falling equitably upon the property, as that of income. Up to the present time the Government has been able to raise sufficient revenue without having recourse to this particular form of taxation.

It is needless to say that this is a war measure; but having originated as a war measure I am not prepared to say that such a system of taxation will not continue. The older countries of Europe, and the United States, have reached the point when they have adopted the income tax as practically a permanent system of taxation. It may be so in Canada. I simply mention that fact to indicate the reason why the Government has reached the point when it is considered necessary to augment the revenues of the country by this particular system of taxation.

I need not go into the details of the Bill. Of necessity it is a complex Bill.

Hon. Mr. THOMPSON: Is it a money Bill?

Hon. Sir JAMES LOUGHEED: That may be susceptible of discussion and argument.

Hon. Mr. CASGRAIN: We cannot amend it, I suppose.

Hon. Sir JAMES LOUGHEED: There is no question whatsoever that it is a money Bill, but to what extent we may consider

the Bill it will be for the Senate to determine.

Hon. Mr. DANDURAND: That does not imply that we shall not be able to examine it in committee.

Hon. Sir JAMES LOUGHEED: I should be very sorry to take any such extreme ground as to say that the members of the Senate could not make suggestions as to how the Bill might be improved.

Hon. Mr. DANDURAND: I suppose that in the last analysis we would have to give way to the Commons; but until we reach that point the views of the Senate should be welcomed.

Hon. Mr. CASGRAIN: If the Commons do not accept our suggestions we can throw out the whole Bill.

Hon. Mr. LOUGHEED: It is not to be whispered, but the House of Commons is but a fallible body. It is possible that they have not exhausted all the intelligence that may be concentrated in this House; but, as my honourable friend has observed, it is the right of the Senate to consider even a money Bill, and to reject it if it is not approved of. However, I have no doubt that the Commons will be only too glad to give every consideration to any improvements which the Senate may be able to suggest.

Hon. Mr. BOSTOCK: Honourable gentlemen, I have listened with a good deal of interest to the disquisition of the leader of the Government on the question of income tax. I noticed that he dealt with it in the same manner in which it has always been dealt with by members of governments, especially Finance Ministers. I think on no occasion has the system of income tax been first introduced into any House except as a war measure; but it has been found to be such a convenient and useful tax that no Government, as far as I know, has ever been prepared to abolish the tax once it has been established. I have always felt that direct taxation was a better method than indirect taxation. When people pay taxes directly they realize that they are paying the money out for taxes, and they are apt to take a very much greater interest in the way in which the money is expended, and to watch more carefully the details of the expenditure on the part of the Government. I think that will be one very good effect which will be derived in this country from the imposition of an