

this is really a delusion, Mr. Speaker, if it is meant to be an equalization of income. A man getting an income of \$200,000 may pay \$20,000 in surtax, but what is a tax of \$20,000 on \$200,000? It still leaves him \$180,000.

Mr. RHODES: If my hon. friend will permit me, his statement is not accurate, because he is dealing only with the surtax.

Mr. WOODSWORTH: Quite so. That is what I said.

Mr. RHODES: But the hon. gentleman said that he had left \$180,000, which is not correct. Actually it is a very heavy tax.

Mr. WOODSWORTH: Of course, he has to pay the regular income tax, but \$180,000 is the actual amount he has left to be taxed with the ordinary tax.

Mr. RHODES: No, Mr. Chairman, that has no reference to it.

Mr. WOODSWORTH: The surtax, if I understand it, means a tax over and above the regular income tax.

Mr. RHODES: Yes, quite so, but its measure is not upon the tax already paid but upon unearned income or upon a stated salary.

Mr. WOODSWORTH: That is quite right, and that is what I am trying to say. Using the Minister's own words would make my case all the stronger, for he points out that this is unearned income. That is what I want to impress upon the house, and the payer of that tax has a very substantial amount left.

Mr. RHODES: But not \$180,000.

Mr. WOODSWORTH: No.

Mr. RHODES: Quite so.

Mr. WOODSWORTH: My point is this. These sliding scales may look all very well on paper, but what we ought to look at is not the amount paid but the amount that is left after the ordinary tax and the surtax have been paid. That is what I want to impress upon the house. I think I gave several years ago to the house this illustration which I saw in a cartoon I think published in an English paper. It showed a long ladder reaching from high up in the sky down into a deep pit filled with water, and the various classes of income tax payers were hanging on to different rungs of the ladder. The Minister of Finance comes along and says, "We want equality of sacrifice. Everybody one step down." One step down for the man high

[Mr. Woodsworth.]

up on the ladder does not amount to very much, but for the man near the bottom it means that he is plunged into misery or oblivion.

The Minister of Finance in his surtax has improved a little bit on that procedure because he has arranged that the different classes move down a fraction of a rung, but the principle is there still the same. I would submit that we have to reconsider the whole question of unearned incomes. In Canada to-day incomes bear no relation whatever to the real service given to the community by the receiver of the income. Many of the great fortunes in this country were made during the war. Had we had a proper system of finance then, it would not have been possible to make those fortunes, or had we had a proper system of taxation it would not have been possible to make those fortunes. Some of them were made by plain graft, for it can be called nothing else, and others were made because of special privilege. There is no doubt of that. The great fortunes in this country have not been made, to use a phrase that has been used in this house before, by the sweat of one's brow. The great fortunes in this country have been made because certain people were granted special privileges. Yes, and as my hon. friend from Bow River (Mr. Garland) suggests, some have been made by financial chicanery, but I am leaving out the fortunes that were made by doubtful means. The very best you can say in regard to any of them is that they were made by special privilege, and it is the business of this house to see that there is some sort of equality among the various classes in the community. I take it that that is what was in the mind of the Prime Minister when he made those radio speeches, and if that was not in his mind there was no sense in making those speeches.

What are the means by which we can bring about that equality? One means by which we can atone for the mistakes of the past is by some sort of equalization of income, and instead of taking off \$20,000 more or less from an income of \$200,000 we might very well take everything above ten or twenty or thirty or forty or fifty thousand dollars, and put it into the treasury. Beginning with a tax of two per cent on \$5,000 we might have a tax of one per cent on each additional thousand, so that it would not be very long before you got to the point where the income receiver would have nothing left above a reasonable amount. That surely is the position to which we ought to come in this country. Somebody laughs. I quite admit that the old idea has