

care to do that it is quite within their right to do so, but why should they have to be penalized by a sales tax on margarine? Things like this make it difficult for one to understand what principle—if any principle at all—is guiding our legislation in these matters. There was a time when our laws were based on some principle. But it does appear that that practice has largely gone out of the window, and we tend to judge the merits or demerits of legislation on the grounds of expediency. That is never a sound ground on which to form a judgment on matters of this kind. Sooner or later it is bound to react; even politically, it is an unsound step to take.

I agree also with my colleague from Waterloo about the tax on the premium income of insurance companies, and particularly life insurance companies. If there is any one thing that is characteristic of life insurance, it is that it is a sound method of encouraging savings among all classes of our population. We hear many lectures about the importance of saving; our bankers talk to us about it, our public men advocate it. If it is a desirable thing—and I think it is highly desirable that the people generally should save in every legitimate and possible way—why on earth should we penalize the life insurance companies by so taxing them? I cannot understand at all the principle that lies behind such a proposal.

Today governments at all levels, federal, provincial and municipal, are harried to death with the need of getting additional revenue, and they reach out and grasp for it in the manner in which they think they can get it most easily. There is one point on which I do not quite agree with my colleague from Waterloo (Hon. Mr. Euler) namely, the approval he appears to give to corporation taxes.

Hon. Mr. Euler: I said income tax.

Hon. Mr. Crerar: Corporation income tax?

Hon. Mr. Euler: Yes.

Hon. Mr. Crerar: My own view is that corporation income tax is an unsound tax for the reason that one has only to examine the financial statements of corporations since the tax was imposed to see as clear as the sun at noon day, that this tax is passed on to the consumers in this country. So when we tax a corporation 50 per cent of its net profits, that policy may sound good out on the hustings; it may be the basis for an appeal to a prejudice. But, in effect, it is a tax on consumption in this country, because industries and corporations which conduct business serve the public, and the public in some

respect or other are consumers of their products. So, in almost all cases the people pay the shot on corporation tax.

Corporation tax is unsound because it is a disguised tax. A fundamental principle of sound taxation is that the tax be clear and evident to everybody, and that it be certain. That is why personal income tax differs wholly from tax on corporations. For instance, as a member of this house I receive an indemnity, as do all other senators, of \$10,000 a year. On that sum I have to pay a tax. I cannot pass that tax on to anyone else: I have to meet it myself. That is the peculiar characteristic of personal income tax. But when the Government taxes a corporation in which I may be a shareholder, that corporation simply finds the means if it can, and it usually can, to pass that tax on to the consumer in the price it charges for its product.

Hon. Mr. Kinley: It does just the opposite.

Hon. Mr. Euler: May I say that I was not endorsing corporation tax as such. I was merely saying that an insurance company, as a corporation, is entitled to be placed on the same basis as other corporations. I was not arguing in favour of the tax otherwise at all.

Hon. Mr. Crerar: Well, I must say that I am relieved to hear that. I was afraid that my friend from Waterloo, for whom I have a very high regard, and who on such matters as these is usually sound, had strayed a little from the path of virtue. In that I was clearly mistaken.

I do think these are considerations which should occupy our attention a little more than they do. Nothing is more important to a country than its taxation policy, because it truly reflects how the people govern themselves. To the people of a freedom-loving country which believes in democratic government, nothing is more important than the way in which they govern themselves. We have great parliamentary institutions, and part of their work is to find revenues to meet the needs of the country. As representatives of the people, I think it is a matter within our ambit to point out what appears to me to be certain defects in this measure. And so, I am grateful to the honourable senator from Ottawa (Hon. Mr. Lambert) for speaking as vigorously as he did. The principle he enunciated must not be forgotten and should be kept before the eyes of the people of this country.

Hon. Paul H. Bouffard: Honourable senators, I had not intended speaking in this debate, but so much has been said about the measure before us that I feel I should attempt