

I realize that this does not appeal to great masses of the people; but it strikes very hard at a relatively small class, politically of no consequence whatsoever, who have nevertheless in many cases been leaders in the building up of this country, in the organizing of industry and in the assumption of risks, thus making jobs for our people, and I suggest that, unless the state intends to take over full responsibility for giving every man or woman a job after the war, they should be encouraged in their endeavours and not penalized because they saved money and provided work for others in the past. As it is, they are subjected to a special burden of taxation. Everyone else is to be forgiven half of last year's taxes except those receiving this investment income. I suggest to the minister that it is an invidious distinction against a class, and even within the class there is an invidious distinction. A person who is very old and has a life expectancy of from one to five years may owe the crown virtually the full amount of his last year's taxes, namely, the part which is not forgiven; but a person who has an expectancy of thirty or forty years does not owe half or even a quarter as much as the person who has an expectancy of only five years. Where is the fairness in forgiving a man with \$50,000 of earned income and taxing the man with \$5,000 of investment income? There are many people who have retired from business in order to devote their time and ability to public service of one sort or another. These men are living on what income they have. Yet if they had stayed in business they would have continued to draw their salaries, and that part of their income would have been entirely free of back taxes under the legislation the minister is bringing down.

May I point out something which may be rather small but which, nevertheless, is of some significance. Those who have an investment income now may not have any investment income five or ten years from now, certainly not in ten or twenty years. There is perhaps no place in the world where wealth changes faster than on the North American continent. As the minister well knows, it is a truism to say that one passes from wealth to poverty in three generations, "from shirt-sleeves to shirt-sleeves in three generations," as the saying goes. It works much faster than that, particularly in times such as those we have gone through in the last twenty years. Salaries are a first charge on the earnings of companies, whereas dividends or interest is a last charge. The salaried man continues to draw his income even though the company goes into bankruptcy, whereas the man who receives investment income has to wait until

[Mr. Jackman.]

the wage-earner and the salary receiver get theirs. As I say, this is not a point of great importance, but it is something which I think should be brought up.

I do not think the minister should bear so heavily at every opportunity upon those who receive investment income. For instance, the interest rate on government bonds is 3 per cent to-day compared with 5 per cent in days gone by. The amount received for short-term money is almost negligible, less than 1 per cent. I will not say that the 3 per cent rate is a fictitious rate, but the fact is that the influence of our central bank has been felt in the establishment of that rate. The man who has retired, the man who attempted to provide for himself fifteen years ago, thought he would get a 5 or 6 per cent return, but he finds now that he is receiving only 3 per cent. The minister has boasted, and rightly, of the average rate the government is paying; it is now something like 2½ per cent. There are many adverse factors weighing against those who are in receipt of some investment income.

I have pointed out that the man who owes taxes to the government and who has a short life expectancy owes actually one dollar, whereas the person in receipt of investment income with a life expectancy of fifty years owes only twenty-three cents on each dollar of tax, if we take 3 per cent as the base rate. Here we have the principle in the suggested legislation that the older you are, the higher your tax. I have never heard of that principle being applied to income taxation, but that is exactly what the minister is proposing here. He has intimated to-day that they will adopt the principle advocated by the hon. member for Peterborough West (Mr. Fraser) of commuting the tax payments, which will make it work out differently for every taxpayer in the country. You are going to use a 2 per cent base, and I shall say something about that at another time.

I suggest that this taxation is in the nature of a third succession duty. You do not have to pay it until you die. The minister said that the tax is definitely fixed, but only one of the components of the equation is fixed. The nominal amount is fixed, but the time element is uncertain, with the result that the value of the money when you die is not fixed at all. It is true that the minister is introducing an amendment which will permit commutation based on the life expectancy, but the life expectancy of everyone is different. It has all the earmarks of a succession duty. We have a provincial succession duty which is quite high, and two years ago we introduced a dominion succession duty. We are now to