

variably we find the community divided into two sections in respect of taxation, namely, the section that seeks to impose the tax upon the other, and the section that seeks in turn to distribute it as much as possible upon the more dominant section. This tax is unquestionably the outcome of public opinion as represented by the most numerous class of citizens—a class which in all probability will have to contribute very little to the taxation provided for in the Bill. Under representative institutions this is the natural consequence—and very properly so—of the right which the majority has to govern the minority. The Government of Canada, although from time to time for a great number of years, more or less importuned to adopt a system of income taxation, has succeeded up to the present time in avoiding the assumption of that responsibility.

I suppose there is no form of taxation more unpopular than that of an income tax, and for various reasons. In the first place, tradition has for centuries past established sources of taxation by which incomes to a very large extent have succeeded in escaping the burden of taxation which should be placed upon them. Tradition has established, by some means or other—it is difficult to understand why—that most of the taxation, particularly for local purposes, should be placed upon land. The unpopularity of an income tax rests very largely also upon the fact that it affects the individual more directly than any other class of tax. It is a direct tax that is imposed upon him; it involves an extended inquiry into his personal affairs; and it seeks to detach from his personal fortune the amount of the tax which is imposed upon him. He looks upon it rather as a personal contribution than as a contribution which is properly made as a share of the burden of the State.

I doubt if there is any tax that is logically so defensible as an income tax. Incomes may be divided into four classes, which have to be considered in connection with such a tax. In the first place, there is the income which falls below the amount that is taxable—the income of those who come under the exemption, and very properly so. If the income of a citizen be only sufficient to provide the necessities or even the ordinary comforts of life, it would be unreasonable for the State to ask that the citizen limited to such an income should contribute to the burdens of the State, when there are incomes sufficiently far in advance of the amount of which he is in

receipt to very well bear the incidence of taxation.

We then come to the first income that is available for such a tax, namely, the income that will furnish the citizen with the necessities and comforts of life, and yet leave a surplus. There is no reason why such an income should not bear the burden of public taxation. Then there is the income that is so large as to permit of a man living in extravagance or maintaining such a degree of luxury as is incompatible with good citizenship. In this age of democracy, when the theory that all men are equal prevails, I think the state should not hesitate to impress upon incomes of the kind which I have just described the burden of the state to such an extent as the state may consider that they should contribute. There is still another class of incomes that are so large as to render it impossible under extreme conditions to spend the interest which annually becomes capital. The public are most willing that those who are so fortunate as to possess incomes of the last two classes should contribute to any extent. The sympathy of the public is undoubtedly with the man whose income will not permit of its being taxed to any extent, but immediately the income goes beyond that point the receiver of the income loses the sympathy of the public in proportion to the largeness of the income.

It seems to me that we are living in an age when the state can very well say that those who are in receipt of very large incomes are more or less partners with the state, and that the state is entitled to participate in the profits on those incomes. All the institutions of government are so established as to be for the advantage and benefit of the public to a greater extent than has ever existed before, and the larger incomes must contribute, in the degree to which they are possessed by the owners, to the maintenance of those institutions which the state is called upon to maintain under the peculiar conditions of the twentieth century. The very institutions that have to be maintained by the state for the protection of life and property, for peace and good government, are all necessary not only to the building up of incomes, but to their enjoyment. If by reason of the maintenance of law, order and good government those incomes are built up and property is protected, there is no reason why the state should not logically say: "We are entitled to participate in the profits which you have made from your various investments or the