

revenue was assented to in April, 1892, and that under one of its clauses the duties are not ordinarily payable until eighteen months after the death of the deceased. Keeping this in mind, I may fairly say, as has been said of a similar statute, that our act is not even yet in full bearing, and that I may confidently predict materially larger returns in the near future.

In 1892 we received by way of succession duties \$758; in 1893, \$45,507, and in 1894, \$150,754. Under the act, I ask the House to remember that all our receipts from this source are allocated to a fund which is set apart to assist in defraying our large and growing expenditure on asylums for the insane, schools for deaf mutes and for the blind, as well as hospitals and other charities. As an illustration, we spent last year under the head of hospitals and charities \$182,692. This is the largest sum we ever paid in any one year for this purpose. The largest sum previously paid in any one year was \$167,000. The increase in these charity grants over 1893 was mainly due to the fact that four new hospitals were added to our list in 1893. These four new hospitals received in 1894 grants to the amount of \$8,114.

We averaged for this service during the last five years \$158,588 a year.

I will not be at all surprised if our receipts by way of succession duties in 1895 will fully meet all our expenditures for hospitals and charities. I am certain, sir, that during the next two or three years the receipt from the one source can be set off against the expenditure on the other.

As was generally anticipated by hon. members on both sides of this House, the act I am now discussing has been almost universally approved of.

It seems right and just that accumulated wealth should in this way assume a larger share than formerly of the public burdens. To even measurably accomplish this result has indeed long been the object of social and economic reformers in other lands. We did not fear that our moderate act, with its small exactions, would discourage accumulation. With its low scale of duties, its provisions, inasmuch as all estates not exceeding \$10,000 in value were completely exempt, in the great majority of cases affect only very large estates.

THE ENGLISH ACT.

At the same time, I repeat, our act cannot be said to even aim, to use a phrase of some economists, at penalizing large fortunes. The economic principles underlying this class of legislation were much discussed in England about a year ago, when the finance act of 1894 was under consideration. This act, which attracted so much attention at the time, and elicited such warm discussion, deals of course with both the excise and customs duties, as well as with the income tax and estate duties. These latter duties are so important that they alone, roughly speaking, represent an annual receipt of £10,000,000, and this large receipt will, it is expected, be increased 25 per cent. by the legislation of 1894. By the English act of 1894 the death duties were remodelled and simplified; inequalities were removed, important exemptions done away with; and all this of course led to considerable discussion in the press and in Parliament.

The most important changes made were these: There had been no fewer than five kinds of duties. These have been merged into two. The one class now called "estate duties" reaches all property of whatever kind, including of course realty and settled personalty, the amount depending on the aggregate amount of the property passing at death. Prior to 1894 this kind of duty had been limited to personalty, and the exemption of realty, therefore, had been much complained of. The second class consists of legacy and succession duties, and its amount depends upon the extent of the interest acquired by each individual, and varies according to his relationship to the deceased. The application of the principle of graduation, to which I may again refer, to estate duties is also considered a great reform.

I particularly wish to point out, Mr. Speaker, that in the thorough discussion in England of this very important finance act of 1894 it is very noticeable that no party or leader ever even questioned the propriety or the fairness of meeting the incessant demands of an ever-increasing public outlay by making further and still further calls upon accumulated wealth.

This, perhaps, need not surprise us when we remember that all writers on political economy and finance are agreed that the true principle of sound taxation is relative ability to pay, or equality of

sacrifice; that, in taxation, the ability to bear it by those on whom it is imposed. I may here well quote the words of the Chancellor of the Exchequer, who last session, in speaking of his remodelled and simplified estate duties, said:—"The governing principle is this: Upon the devolution of property of all descriptions, the State takes its share first, before any of the successors in title or the beneficiaries. The reason upon which this is founded is plain. The title of the State to a share in accumulated property of the deceased is an anterior title to that of the interest to be taken by those who are to share in it. The State has the first title upon the estate, and those who take afterwards have a subsequent and subordinate title. Nature gives a man no power over his earthly goods beyond the term of his life. The right of a dead hand to dispose of his property is a pure creation of the law, and the State has the right to prescribe the conditions and the limitations under which that power shall be exercised." The promoter of the English finance act of 1894 expressed his belief that, as a result of his remodelling the estate duties, there would be an ultimate increase of revenue from that source of from £3,000,000 to £4,000,000.

THE PRINCIPLE OF GRADUATION

This increase is largely due to the adoption of the principle of graduation, or the retention of that principle. Under this principle large properties will not only pay more but also more in proportion to their size. In certain cases under the new English act the rates, compared with those formerly existing, will be doubled. The scale now obtaining in England ranges from 1 per cent. on an estate of more than £100 to 8 per cent. on an estate of more than £1,000,000. For example, an estate of £1,000 pays into the English Treasury £20, while an estate exceeding £1,000,000 pays a duty of £80,000.

I mention these facts to show that recent discussions in the English Parliament support and justify the principle of our legislation, and that the recently revised legislation there is plainly in the direction of extending, and not of limiting, the application of this principle. The system of graduation has also a place in the legislation of several of the colonies. In Victoria, for example, an estate of £10,000 pays 4 per cent., whereas 10 per cent. is exacted in the case of estates exceeding £100,000.

There were some, I confess, who feared that our statute was calculated to drive capital out of the Province. These fears have, I am pleased to say, in no sense been justified. As to this point one might well ask that the country should be named which, in this particular regard, is likely to continue to offer for all time to come greater advantages to capitalists than our own. The collection of our duties thus far has been made not only without difficulty but also without remonstrance or complaint. It has involved no unjust or inquisitorial prying, as some theorists feared it would, into the ways and means of our citizens. In nine cases out of ten, I may say, the collection has been so simple and easy a matter that I might almost call it automatic.

The Province of Quebec received last year by way of succession duties \$149,523. The State of Pennsylvania received as collateral inheritance taxes for the year ending November 30, 1894, \$869,178. For the year ending September 30, 1894, the succession taxes paid into the treasury of New York State amounted to \$1,685,594, or nearly one-tenth of the total receipts from all sources of the State during their last fiscal year. The average receipts of this State from this source for the eight years prior to last year, during which the law has been in operation, has been \$1,165,426. New York State, therefore, has been for nine years receiving as large a sum from succession duties as our Province receives by way of subsidy from the Dominion. During 1893 in that State four estates alone paid duties to the amount of \$1,096,036, and the estimated revenue from this source for this year is \$2,000,000. In the other States of the Union in which this means of raising a revenue exists the results are equally satisfactory.

During 1894 the number of estates in this Province for which probates or letters of administration were issued was 4,815, of which only 89, or one out of every 53, were liable to succession duty. Twenty-one out of the 89 were reported from the County of York. In 20 out of 45 counties and districts not a single estate in 1894 came within the act. Of the \$150,754 received during 1894 the County of York contributed \$48,789.