

now under consideration refers to the computation of profits and not to the question of to whom it shall apply. I do not wish to rule at all rigorously, but I must point out to the committee that, if we are going to carry on the discussion with some semblance of order, we should adhere more or less to the individual paragraphs.

Mr. MICHAEL CLARK: Surely computation of profits would include the finding of a particular source and even of a particular profiteer. The question of finding a profiteer and of the liability of a special profiteer would distinctly come under the question of computing that profiteer's profits.

Sir THOMAS WHITE: Perhaps the committee will permit me to answer my hon. friend (Mr. Robb) with regard to the case that he drew to our attention. I understood him to say that the parties had no capital. If so, this measure would not apply to them; but, if they had capital and were dealing in horses and supplies for the war, then the provisions of this measure would apply.

Mr. NESBITT: If you could get at them.

Mr. LOGGIE: Let me state a case to the minister. I understood him to say a moment ago that those who deal in war supplies should pay. Let us take the case of a firm selling \$15,000 worth of war supplies. The case would be this. The firm in question would be an incorporated company having a capital of \$40,000, and a turnover, during the accounting period, of \$100,000, of which \$15,000 worth was sold to the Department of Militia and Defence. At the end of the accounting period that firm made a good profit on the \$15,000 worth of goods sold to the department, and also a profit on the other \$85,000, and they made a total profit of 20 per cent on their capital of \$40,000. Would they pay \$1 to the Crown?

Sir THOMAS WHITE: The company, on the statement of my hon. friend has a capital of only \$40,000 and no reserve which would make it up to \$50,000. Therefore it is exempt under the provisions of the enacting paragraph. Then, we come to the exception. The exception would not apply, because 20 per cent of the company's business was not employed in furnishing war material and supplies. It is necessary to fix arbitrarily on a percentage.

Mr. MACDONALD: There is a matter which relates to a previous paragraph, and, with the consent of the committee, I would [The Chairman.]

like to speak in regard to it now, because I was not here when these sub-paragraphs were taken up.

It has been suggested that it would be in order for the minister to consider the case of concerns which, under the general definition of paragraph 2, would be liable to pay this tax, and which had made contributions to such organized war funds as the Canadian Patriotic Association or the British or Canadian Red Cross. It has been suggested that the effect of the tax proposed by my hon. friend unless some regard is given of past or future contributions to these funds, will be to cut down to a very great degree the aid that will be given in future to those very worthy organizations which, although not dependent upon the Canadian people through taxation, yet have to be and are supported by contributions given voluntarily, although under conditions which really make them a matter of taxation. I have in mind a firm which will unquestionably come under this taxation measure, which subscribed very handsomely to the Patriotic Fund in response to an appeal which was made last March. The attitude which has been taken by gentlemen connected with that firm is that, pending the determination of the question as to whether the contributions are to be given credit for—as credit was given in the case of the banks who paid their taxes last year on their circulation—they would not contribute any further. In other words, the collection of this tax will be taken by them as a discharge of their obligations in the way of contributions to these funds. The Canadian Patriotic Fund, of course, does not share in the revenues of the country in any way. But it was instituted by this Parliament to perform a very important part of the duty of the people towards those who go out to fight; it takes the place of a service that would otherwise be rendered by the Militia Department. While the generosity of our people has responded well to the appeals for this fund, I have heard suggestions from worthy sources, on more than one occasion, that the result of this tax would be to cut down largely the contributions that would be given in future to these organizations. Has the minister considered the effect, in that regard, of his legislation, and has he thought what might be done to mitigate this result of the operation of the measure?

Sir THOMAS WHITE: The hon. member for Pictou (Mr. Macdonald) has raised a question to which we gave consideration.