

believe there will be very few indeed—whose taxation under the business profits war tax payable next year, in respect of their earnings this year, will be equal to or less than the taxation which they would pay under this measure, they may deduct it. That is all it means. The idea is simply they are not to pay the heavy business profits war tax and this income tax as well. I do not believe any one will say there is anything unfair about that.

Mr. PARDEE: Do they deduct the amount of the income tax under this Bill from their original business war tax, and pay the business war tax in full?

Sir THOMAS WHITE: No, it is the other way around. Supposing my hon. friend was fortunate enough to be taxable next year, 1918, to the extent of \$100,000 under the Business Profits War Tax Act amendment of this year, and supposing if that Act were not in existence he would be liable under this legislation to pay \$50,000, he would pay the \$100,000. He pays the larger tax. The business tax in England is not nearly as severe as this, because it has relation to the average profits before the war, which were much higher than seven per cent in most cases. For the year 1918, there is not a Government in the world that will levy a more severe business profits tax than the Government of the Dominion of Canada.

Mr. MARCIL: Is not that largely because the profits are greater in Canada than elsewhere.

Sir THOMAS WHITE: No, I do not think so. It is because of the progressive tax. It is one-quarter up to fifteen per cent; one-half between fifteen per cent and twenty per cent, and three-quarters over twenty per cent. There are companies in this country which will earn \$2,000,000 and they will pay the Government out of that \$1,100,000 or \$1,200,000. There was a case brought to my attention not long ago where a company makes \$1,500,000, and it will pay us \$900,000 in tax.

Sir WILFRID LAURIER: That is all right.

Sir THOMAS WHITE: I am not complaining at all. I take the same view as my hon. friend. He and I have the distinction of being poor, or comparatively poor—probably I had better speak for myself. I said to the party in question. "Well, it is true that I am taking \$900,000 from you, but do not forget I am leaving you

\$600,000." We are coming towards the end of this war. I do not know how soon it will be. I do not think my opinion or the opinion of anybody on the point is of much value, but we are necessarily coming towards the end of the war with each year.

Sir WILFRID LAURIER: Next year.

Sir THOMAS WHITE: With the end of the war there will come a time in this country when business will be confronted with the trying period of dislocation, in which capital will be required, in which extensions will have to be made in order to increase the productivity of plants and business enterprises. It has been our view that so far as the average business firm is concerned, a tax of this character is not a good tax in peace time. That has been said in this House, not only by myself, but by many members, when the Business Profits Tax has been under discussion. When I refer to the welfare of business in the period succeeding the war—a period of dislocation, of unsettlement, when working capital will be required and when banking accounts should be kept strong—I speak also of the welfare of the labour community, because the welfare of the business community and the welfare of the labour community are tied up together. Upon the welfare of the one depends the welfare of the other, and we must have regard to both in our measures of taxation. Our first duty is the prosecution of the war. We have attended to that duty, and I emphasize the point, because in 1918 there will be collected upon the profits of 1917 the highest business tax in the world. My hon. friend (Mr. Graham), in his objection to my amendment to the Budget this year, in regard to the Business Profits War Tax Act, said:

Not a few industries engaged in the manufacture of munitions and other commodities influenced by the war assert that after the war there will be a very critical period of readjustment. Some of them fear that during that period of readjustment they will be able to do nothing more than pay running expenses. The most conservative of these have been preparing for that period by placing to one side each year a reasonable reserve, feeling that when their present large business ceases—as we hope it will very shortly—they will find themselves, under the new system of taxation, in a serious financial plight. They tell me that during the two or three years succeeding the war these reserves will be used up in their effort to readjust themselves to new conditions and to prepare for a staple business in the future. Some of them, I understand, think that the action of the Government in taking such a large proportion of the amount they now have on hand will cause them to come to a condition of practical bank-