

## THE TAXATION OF MINING COMPANIES

The debate in the House of Commons on Friday, March 17th, was of unusual interest to mining men. We reprint below extracts from the official report.

Mr. Macdonald: I should like to point out the effect of the imposition of this tax upon every person connected with mining or kindred industries, where the enterprise involves the development of natural resources, and where the development cannot take place except by the employment of capital. The situation has been this.

During the past autumn, throughout Canada generally, there were a great many propositions promoted and on the verge of being capitalized through the assistance of foreign capital, and this legislation will seriously interfere with the consummation of any such capitalization. Indeed, the announcement which my hon. friend the minister made in his Budget speech about a month ago has had the effect of absolutely discouraging any attempt to promote industries of that kind. When a person with a proposition, no matter how good, goes abroad with the idea of obtaining the capital necessary for development, the possible investor inquires whether or not this is one of the companies which would be affected by the Budget of the Government. The person interested would be bound to tell the possible investor that it was one of those companies. It is well that persons should invest with the view of developing coal, silver, nickel, gold or other minerals. The person who invests in an enterprise of that kind, particularly at this stage of the world's history, does so with the hope of making some special profit. He takes bigger chances than are taken in the ordinary financial or industrial company. These deal with settled conditions. Business may vary or fluctuate; dividends may be small or great, but there is always a certain basis on which to proceed. It is the same with an industrial enterprise formed for the purpose of producing some special article used in the country. The production of the article is necessary to meet the needs of the people, and the person who invests in that industry knows that the question of receiving dividends depends upon his being able to produce the article as a saleable commodity, and that the price of the article will furnish him with a reasonable profit. But when a man goes into the mining industry, the conditions are entirely different. There may, or may not, be a large quantity of ore; all that has to be taken into consideration by the person who invests. To a very large degree the investment of capital in the mining industry is a gamble. If my hon. friend is going to throw into the melting pot these propositions, he will create a further menace which will intimate to the outside capitalist that the utmost he can get from his investment, after taking all chances, is 7 per cent., before the Government intervenes to take part of the profit. The minister will see that he is menacing the development of that industry everywhere. In addition to that, the party who is looking for capital is not in a position to assure the possible investor that the Government may not, at a subsequent session, proceed to levy upon that class of industry to a greater degree.\* \* \* Mining is a natural industry in this country, quite as much so as agriculture. We all hope and believe that, particularly in the far northern country, there is an illimitable store of minerals, the development of which will mean a tremendous expenditure for supplies and the increased prosperity of the country at large. This

industry stands apart, as I have said, from the ordinary industrial and financial industries. It requires special consideration. I submit that the minister's proposal menaces the future of this industry, and that the slight amendment which he has made in no wise does away with the possibility of injury.

Sir Thomas White: I am really obliged to my hon. friend from Pictou for bringing up this matter for discussion. I need not say that I appreciate the benefit of his views upon any subject that may be under debate in this House. He has put forward his representations very temperately, and I propose to answer them as fully and frankly as I may be able. I think that my hon. friend and those connected with the mining industry, or I should rather say some of them, are unduly apprehensive as to the effect of this measure upon their industry. The Government is fully aware of the extreme importance of that industry in the national economy of Canada. It is one of the great natural industries, as my hon. friend has observed, and, certainly, the Government would be the last to take any step, unless indispensably necessary in the national interest, which might have the effect of in any way injuring the mining industry, or retarding the flow of capital into this country. I think I shall be able to show before I take my seat that there is no ground for apprehension on the part of the mining community.\* \* \* This particular measure is for a period only. The principle of the resolutions, it would appear to me, indicates that. The principle of the resolutions is in effect that those individuals, firms and companies, which since the outbreak of the war have been able to maintain a rate of profit beyond what we have fixed upon as a fair and normal pre-war standard, shall contribute a fraction of that excess for the purposes of the war. It is a fact with regard to many businesses in Canada that the largest profits resulting from the war, either directly or indirectly, have been made, during the 18 months since the outbreak of the war, by reason of the increase in the price of commodities, due to the demand which arose by reason of the outbreak of hostilities, and in supplying of munitions and other requirements in connection with the war itself. I do not mean to say that if the war goes on there will be a less demand for commodities and munitions, but I do not think that, as the country becomes better organized to meet the new conditions, the prices which obtained during the past 18 months will obtain in the future. Therefore, it would seem to me that I am perfectly justified in stating, as I do, on behalf of the Government, that this is a temporary tax. In making that statement, I largely meet the argument of my hon. friend that capital might be discouraged from embarking upon Canadian enterprise. It is hardly conceivable that an enterprise could be established within the next few months, and before the termination of this legislation, earn such large net profits that the moderate tax which we are taking from them would be a serious matter to the individual, firm, or company in question. Therefore, I do not believe, for myself, that when it is realized, as I believe it is now realized, that this is a temporary measure, the effect which my hon. friend anticipates will be produced, or will continue, if such an effect has already been produced.\* \* \* I want those who can afford to pay, to pay. There is no one who will be taxed that cannot afford to pay, and I know of one who is not willing to pay. In fact, I know the people are anxious to pay the tax imposed by this budget.