Hon. Mr. Connolly (Ottawa West): It means that Bill C-48 fails.

Hon. Mr. Macdonald: And the Income Tax Act will remain as it was previously.

Hon. Mr. Roebuck: Yes.

Hon. Mr. Macdonald: Now, honourable senators, are we prepared to throw out the income tax amendments and go back to the legislation as it stood last year? Personally, I would not think of assuming that responsibility.

I am disappointed in the Government for taking this stand in the last moments of the session. We in this house are reasonable persons. If the Government did not want to accept the Senate's amendment, why did it not say so three weeks ago? Those honourable senators who sponsored this amendment are reasonable men; they would have talked the matter over with the Government and I am sure a satisfactory compromise would have been reached. All I can say at this time is that I cannot condemn too strongly the method that has been used to prevent this amendment from being put into effect.

May I give it as my opinion, honourable senators, that in spite of what members of the other house have said, this amendment does not affect the revenue of the country; it does not impose taxation, it does not result in expenditure of public funds, nor can it in any way affect the balance of ways and means. As far as I am concerned, if it had been explained to the members of the Banking and Commerce committee that this amendment brought about any imposition of taxation, or altered the application of taxes, or interfered with public revenue, I am confident that the committee would never have passed it. But the explanation we received in committee was entirely contrary.

Hon. Mr. Roebuck: Would the honourable senator tell us what the amendment in question does? I have it before me, but I find difficulty in absorbing it in its completeness. A statement from the honourable leader as to what it does would be most useful.

Hon. Mr. Macdonald: To put it in a few words, the amendment contained in the bill that we were asked to consider provided that in future Canada will not incorporate so-called foreign business corporations.

Hon. Mr. Brunt: It prevents incorporation of any foreign corporations in future.

Hon. Mr. Aseltine: It does not affect any that are already incorporated.

Hon. Mr. Macdonald: As I say, in the committee we were given the impression that by striking out this particular clause we were not in any way affecting taxation. Mr. Irwin, who appeared for the department, said, as reported at page 43 of the Proceedings of the Banking and Commerce committee:

> The minister stated that the right to qualify as a foreign corporation under the act in its present form can be used as a means of maintaining in Canada a tax haven or as a means of avoidance of tax.

Then he quoted from the debates of the other place as follows:

> We are asking the committee for that reason to close the door at that point because there is a very serious question as to whether any more foreign business corporations are going to be of any advantage to Canada anyway.

Hon. Mr. Aseltine: I wonder if the honourable gentleman would allow me to interrupt to say that I understand if we do not have royal assent within the next fifteen minutes we cannot have it until Monday next.

Hon. Mr. Macdonald: Well, I will not be fifteen minutes more.

The statement was made that there was no suggestion there had been any abuse in Canada. Then there was also this statement:

> We therefore think this situation is one that calls for some review and we propose that no more corporations not yet entitled to qualify as foreign business corporations should be in a position to do so hereafter until at least this whole situation has been carefully reviewed.

Now, the committee felt—and this was the main point raised—that these foreign corporations should not be prevented from coming in before the review takes place, but that during the next year there should be a full review of this whole situation, and that if it was found there was an abuse the section could then be put into effect.

It is said now that this Senate amendment does infringe on the rights of the House of Commons with respect to legislation regarding taxation; yet the minister himself said in effect that had this amendment related to something having to do with revenues he would have opposed it very strongly. At a time when he was going to accept the amendment, he said that had it related to something affecting revenues he certainly would not have allowed it.

Hon. Mr. Isnor: That was the Minister of Finance.

Hon. Mr. Macdonald: Yes. He said that three or four days ago. But now, at 11 o'clock on the last day of the session, he says, "Oh, it does affect the finances of the country." Well, I have not got time to find out from him now in what way it does affect the finances of the country. Personally, I am not able to see how it does, but in view of