

Now we come to the new act. Under the new act, on the basis of 1939 earnings these companies taken together would pay, as in the former case, \$28,757,156 in corporation income tax and \$18,297,760 in excess profits tax. After paying both the corporation income tax and the excess profits tax they would still have available for distribution over two-thirds of their 1939 profits. It will be noted that our available financial reports cover very few mining companies, which are obviously in some cases among the most profitable of our Canadian companies. Unfortunately complete 1939 figures for these companies are not readily available, but it is safe to say that, if they were, the summary which I have given would have been even more startling.

Let me now give some further figures as to these thirty-three companies. The total capital in 1939 as computed under the Excess Profits Tax Act was \$860,454,853. The total profits of the thirty-three companies represent a return of almost 17 per cent on this capital. The new excess profits tax applied to the 1939 earnings would leave a return of 11 per cent on the capital so computed. But there is a very wide gap between the lowest return and the highest, as I shall show in a moment. The total corporation income tax and excess profits tax of these thirty-three companies, on the basis proposed in the budget and assuming the 1939 earnings, would be, as I said, about \$47,000,000. If we took everything over 5 per cent on the capital the proceeds of the tax would be about \$103,000,000. Of course I am not forgetting that this would mean a substantial reduction in the amount we would subsequently collect in personal income taxes. But collection at the source, as we propose to collect the new defence exchange tax, would prevent evasion, and such an excess profits tax would mean a very considerable levelling off in income and going away to some extent with inequalities. We might take advantage of the present war situation to bring about that desirable end.

I turn now to one or two of the companies for the purpose of indicating the excess profits tax on the new basis laid down in the budget.

Consolidated Mining and Smelting Company's profits amounted in 1939 to \$9,339,586. The corporation income tax is \$1,867,917. The excess profits tax on the new basis would be \$933,959, making a total tax of \$2,801,876, leaving \$6,537,710, or, on the basis of capital as defined in our act, a profit of 33·6 per cent after the taxes are paid.

Canadian Industries Limited: profits \$6,232,143, corporation income tax \$1,246,429, excess profits \$623,215. Total \$1,869,644, leaving \$4,362,499, or a return of 25·2 per cent on the capital as defined in our act.

[Mr. Coldwell.]

I give a brief summary of two or three others. International Nickel on the same basis would have remaining a profit of 18·2 per cent on the basis of capital as defined in our act. Aluminium Limited, which because of the peculiar conditions in that industry over the last four years will pay the largest tax of any of these big more or less war industries, would have 11·8 per cent left. Asbestos Corporation would have 16 per cent left.

Of course we consider that such profits ought not to be permitted during the course of the war, and that we should take all profits above a fair return on the capital invested and the risk taken. That would vary in various industries. The hon. member for Davenport (Mr. MacNicol) asked me a few minutes ago if I would take all profits. I believe that these industries can be classified according to risk experienced, and so on, and after having so classified them we would take all profits above the amount which we consider to be a fair return for the risk taken.

Because we feel that the new excess profits tax fails to tax the profits of profitable war industries, I am going to move an amendment to the budget resolution, as follows:

That all the words after "that" in the said motion be struck out and the following substituted therefor:

This house regrets the failure of the government to impose a one hundred per cent tax on all profits in excess of a fixed return on capital invested.

This carries out the idea which I have endeavoured to place before the house.

I want also to say something about the other obligations that we have undertaken. In addition to financing Canada's own war effort we are undertaking, quite properly may I say, the financing of certain British purchases and operations in Canada. It is estimated that some two and a half billion dollars' worth of Canadian securities are held in Great Britain, and I am told that of these probably not more than one and a half billion dollars' worth are readily realizable. Dividend and interest payments on this sum, at four per cent, would amount to \$60,000,000. I am not forgetting that repatriation of these securities would bring about several good results. If the government retained the securities it would extinguish an appreciable part of the dominion debt and the debt of the Canadian National Railways. It would make the dominion the owner of a large amount of certain provincial and municipal bonds, which incidentally might assist in bringing about the adoption of the recommendations contained in the Sirois report. It would make the government the chief owner and creditor of the Canadian Pacific Railway, and the owner of large interests in various other