make a most strenuous effort to provide some adequate solution, a practical solution moreover, and not suggestions that are merely visionary.

Let us take first the question of taxation. I shall refer first of all to some of the contents of the Speech from the Throne and I shall do so in my own language. The government refers to the question of taxation—or rather to put the matter more accurately, it brushes the question aside with the somewhat gloomy comment that the most rigid economy will not solve the problem. Let me offer two observations in that regard. In the first place there is no evidence of rigid economy, and in the second place the government has not tried to apply the principle of economy to the solution of the taxation problem. As a matter of fact they have not sought to solve the problem at all. I am not disputing the statement of the Prime Minister, which has been made by other gentlemen, that taxation is heavy, and necessarily heavy, because of the war and the war debt. That is admitted. We also admit that we must have extensive taxation in Canada to meet the needs of government and of the country. On the other hand, it must be obvious, I think, that the problem of taxation is not merely a question of quantity; the important question is the method of applying the principle of taxation. I want to draw the attention of the government to one or two matters in connection with taxation which I think can readily be met and which at present are working to the detriment of the development and advancement of business in this country. I will not go into any close analysis of the whole situation, but I shall refer to one or two very important facts. Let us take first of all the question of income tax on business, that is to say, the income tax as applied to corporations. All corporations outside partnerships are taxed by the federal government 10½ per cent on their net profits, while, in addition to that, certain provinces impose a further tax. In the case of British Columbia the provincial tax is 9 per cent. So that in that province the total tax on business is 19½ per cent; I am not sure what the tax is in other provinces. Some have no income tax. Manitoba has, and I think Saskatchewan has, though I am not quite certain. At any rate, some of the provinces have an income tax. But this is what I want to bring to the attention of the government; and if the Prime Minister (Mr. Mackenzie King) will give me his attention for a moment I will offer him a problem which I think is worthy of his consideration. We will take a lumber exporter or a fish exporter in British Columbia—I use these for purposes of illustration because I am familiar with them. A Canadian business man in British Columbia buys or sells lumber or fish upon the world market. He pays to the provincial and Dominion governments 19½ per cent in taxes on his net income. The business man in Seattle can send an agent into British Columbia, buy timber in the same market, sell it in the same market, ship it on the same vessel,—and he pays no income tax to this country. I ask the government, which is going to persevere. Which is going to last in his business, the Canadian business man or the American business man? Unquestionably the American. So far as British Columbia is concerned—and mark you, the same thing applies in other sections—one-half of our lumber export business, or nearly so, is being done to-day from the United States, by business men in the United States, and we are not getting a revenue from that business. Furthermore, many Canadian business men are considering the removal of their head offices to Seattle and the operating of their businesses from that point.

Let me give an illustration in connection with the fisheries. Certain Japanese fishery companies export fish from British Columbia. I will name one, a very noted company—one of the largest in the world—Mitsui & Company, with head office in Seattle. A white fishery company, operated by Canadian citizens and with head office in Vancouver has to meet the competition of the Japanese company with headquarters in Seattle. Both handle Canadian fish, on the same markets. The Canadian company pays a 19½ per cent tax, whereas the Japanese company, established in Seattle, gets off free. I use this illustration for the purpose of pointing out a gross inequity in our income tax law. And I am not going to leave it there. What do they do in the Old Country? In the Old Country when an outsider comes in and does business in that way the Tax Commissioner or his agent presents him with an assessment, whether or not he is resident in the district, as representing a foreign firm. The assessment is made without any access to the books of the company, and usually it is made very high, forcing the company's representative to appeal the assessment and then to disclose what his earnings in the country have been. By that process they get the income tax.

Now, I want to point out to the Prime Minister that this is a type of taxation that is steadily driving business out of Canada and will drive more out. And it is a type of