

to give to the House, I for one can take no objection to the convention. I think it is a very good thing that we have made such an arrangement with our neighbours to the south, and I am satisfied that it will work out beneficially to both sides. The convention, when it becomes law, will be especially helpful to the Canadians who, in a small way, have bought American securities. Heretofore 27½ per cent was deducted; now the deduction will be only 15 per cent. I have great pleasure in giving my entire approval to the convention.

Hon. A. D. McRAE: Honourable senators, I think the convention is a splendid working arrangement. The United States Government last year increased its withholding tax to 27½ per cent for the obvious reason that securities held in the United States by people of other countries, particularly of Europe, were not contributing sufficiently to the war, and that tax was probably the one avenue through which it could get a substantial contribution from foreigners who were taking advantage of the American investment market for securities. As the honourable leader has stated, the previous convention was nullified by our increasing the Canadian tax to 15 per cent; so we were left in the same position as Europeans investing in the United States and became subject to the deduction of 27½ per cent.

It would have been very natural for our Government, in the new budget, if the present arrangement had not been made, to increase its withholding tax from 15 per cent to 27½ per cent; and I think it is not amiss to state that to do so would have been very advantageous to the treasury of Canada. As it is said, there is eight times as much American money invested in corporations in Canada as there is Canadian money invested in the United States; consequently, by making our withholding tax the same as the American, we probably could have brought back to our treasury eight times as much as we should have had to pay out through the deduction made on the other side of the boundary. I think that is clear. So, from the point of view of the treasury alone, the logical thing would probably have been for us to increase our tax rate to make it equal that of the United States—a procedure to which no objection whatever could have been taken.

On the other hand, a good many complications have arisen under these withholding taxes. Smaller investors have been obliged to suffer, inasmuch as the withholding tax in the United States was more than the withholding tax here. This adjustment corrects that, at least to some extent.

Hon. Mr. BALLANTYNE:

I was interested in the remarks of the honourable leader in regard to what are called capital gains, for which claims have been made in the United States for a number of years. I notice that those who have not settled heretofore can now settle on the basis of 5 per cent. What I am interested in, however, is whether the provision is retroactive, and whether those who have met the demands of the United States can now state their case with any hope of getting a refund, so that all may be treated alike.

By and large, I think this convention is desirable, and I see no objection to it except for the one point I have raised. If the honourable leader could find out about that for us, I am sure it would be of interest to many people who have paid the tax.

Hon. Mr. KING: I do not think those who have paid will get a refund.

Hon. Mr. COPP: They can make their claims, I suppose.

The resolution was agreed to.

TRAVER DIVORCE BILL

THIRD READING

Hon. C. W. ROBINSON moved the third reading of Bill P3, an Act for the relief of Leah May Jarvis Traver.

He said: Honourable senators, in moving the third reading of this Bill I have thought it advisable to put on record something as to why the committee recommended its passage.

The petitioner, Mrs. Traver, is 47 years of age; the respondent, Mr. Traver, is 51. They were married in April, 1927, and lived together until 1933. In 1933, as Mrs. Traver stated in evidence, conditions became unbearable and she could not live with her husband; and in October of that year a judgment was rendered by the Superior Court in Quebec, separating the parties as man and wife.

Mrs. Traver stated in evidence that her husband never supported her; that she was taking roomers, and going out at night to look after other people's children; that she sold coal on a commission basis and Mr. Traver collected the money due her, before she had a chance to collect it herself; and that her life as a wife thus became unbearable.

On page 12 of the evidence the statement will be found that Barney Tulin, an investigator, and his associate investigator, Camille Mancini, were at Lake Gratton, Quebec, on October 10, 1941. Both these investigators said that at about 11.30 p.m. they got to the shack where Mr. Traver was living, they knocked on the door, and a dog was barking inside. They both stated that after some little discussion