

England, whose war experience was long, painful and dreary, whose people were plagued by crushing taxes, travel restrictions and food rationing, had the double misfortune of falling into the hands of a Labour Government which wrecked her industries and almost bankrupted her treasury. With that grim experience in mind, the voters have consistently re-elected a Conservative Government, and it has made the United Kingdom one of the most prosperous countries in the world today.

Of all the great trading nations of the world Canada has by far the smallest population. *Per capita* we export more and import much more than any other nation in the world. It is true to say that our prosperity and perhaps our very economic life depends on our export trade.

England, which must import all her raw materials and export finished goods to pay for them, is somewhat in the same position as we are. We are both vitally interested, therefore, in keeping our costs of production down.

It might interest you, honourable senators, if we glanced very briefly at the method of taxing corporations employed by Canada, the United States and England. In Canada we have very much the same corporation tax as the United States has; it is roughly 50 per cent of corporation profits in both cases. Profits paid out in the form of dividends by corporations from their remaining 50 per cent of profits are taxed a second time in the hands of the shareholder. In both Canada and the United States the shareholder is permitted a small deduction as partial compensation for double taxation. The Canadian deduction is more generous than the American. The United States is not nearly as dependent on foreign trade as is Canada, for the Americans enjoy an enormous domestic market, which they guard jealously by high tariff walls and quotas.

Now I would like to stress one point. The corporation tax is a charge which a business must pay and, like any other expense, it simply adds to the cost of goods produced. In 1958 the Canadian treasury collected \$1,056 million from the corporation tax, and every penny of that amount was added to our already high cost of production. It was with the realization that high prices make goods hard to sell in world markets that the English system of taxation was devised. It levies more of the tax burden on the owner of the business than on the business itself. English corporations pay a profit tax of 12½ per cent plus a standard tax rate of 38¾ per cent—a total of 51-odd per cent—which is not much different from our tax rate. However, there is a difference in the net return to the shareholder, as the standard rate of 38¾ per cent

is paid by the British corporation on account of the shareholder, and the shareholder in computing his income tax can take credit for the amount that the company has paid the treasury in his name.

In view of the seriousness of the problem of high taxation, and the difficulty of reducing taxes and still meeting all the demands made on the treasury, I think that we are indeed fortunate in knowing that our financial affairs are in the capable hands of our Conservative administration.

I was brought up in an atmosphere of the deepest respect for this distinguished institution, and I cannot begin to tell you how proud I am to find myself one of its members. Your great courtesy and kindness in receiving me with open arms I shall never forget. Please accept my sincere thanks.

Honourable senators, it gives me great pleasure to second the motion of my honourable friend from Royal (Hon. Mr. Brooks) for the address in reply to the Speech from the Throne.

Hon. W. Ross Macdonald: Honourable senators, in the first place I should like to thank the honourable members of this house for arranging the proceedings so as to enable me to address the Senate this afternoon. In the ordinary course I would have spoken tomorrow, but I am very anxious to attend the dinner which is being given tomorrow night at Windsor in honour of the Honourable Paul Martin, a great Canadian who has served in Parliament for 25 years. I know that he will appreciate very much what you have done today in making it possible for me, as well as a number of other senators, to be present at the dinner.

Mr. Speaker, I am very pleased indeed to see that you are back in your usual place, looking so well. I am also pleased to see that practically all honourable senators are back this session. There is, however, one senator absent whom we all miss. I refer to the honourable senator from Rockcliffe (Hon. Mrs. Wilson). The Honourable Mrs. Wilson was appointed to the Senate in 1930. Since then there have been nine Parliaments and 40 sessions, including the present one, and this is the only one of those sessions at which she was not present for the opening. The reason for her absence is, as most of you know, that she has undergone quite a serious operation; but she is making a good recovery and I am sure we are all happy that it will not be long before she will be with us again.

I also wish to take this opportunity of congratulating and welcoming the mover and seconder of the address in reply to the Speech from the Throne. The mover (Hon. Mr. Brooks), as he has said, entered Parliament