

Right Hon. Mr. MEIGHEN: I may say that in this long list of six pages everything under the British Preferential Tariff is made free, except a certain kind of woven fabric not made in this country, but imported in the web, belt pulleys, peroxides of hydrogen, and electric light and arc carbons.

Right Hon. Mr. GRAHAM: Would that be in accordance with the agreement made at the Ottawa Conference?

Right Hon. Mr. MEIGHEN: I think those agreements were implemented earlier.

Right Hon. Mr. GRAHAM: Some of them were, I think.

Right Hon. Mr. MEIGHEN: A certain class of spectacles is also subject to duty under the British Preferential Tariff. With those trifling exceptions everything under that tariff is free.

Right Hon. Mr. GRAHAM: We have read a good deal in the press and listened to several speeches on what may happen between the United States and Canada in the way of a trade agreement. Of course, we can take with a grain of salt what we read and hear, but the trend seems to be toward the reduction of trade restrictions. Is my right honourable friend at liberty to give us any definite information, for example, as to the probability of a trade treaty being made between Canada and the United States before the coming Economic Conference meets in London? If so, what is likely to be in the treaty?

Right Hon. Mr. MEIGHEN: I will give the answer which I know the right honourable senator would give were our positions reversed—he a member of the Government and I opposite—although I know I shall not be able to give it with the same urbanity, nor is it likely to meet with the same acceptance. Whether or not anything of the character he foreshadows can be effected before the Economic Conference meets will depend a great deal on when it meets. I do not know that any definite date has yet been fixed. I anticipate that it would be next to impossible to have any such arrangement made in the meantime. As to what its character will be, if it is made, I must be equally indefinite. I can very confidently express the hope, however, that if such a treaty matures it will surpass in value and efficacy all similar efforts of days gone by.

The motion was agreed to, and the Bill was read the second time.

### THIRD READING

Right Hon. Mr. MEIGHEN moved the third reading of the Bill.

The motion was agreed to, and the Bill was read the third time, and passed.

### SPECIAL WAR REVENUE BILL

#### SECOND READING POSTPONED

On the Order for the second reading of Bill 95, an Act to amend the Special War Revenue Act:

Right Hon. Mr. MEIGHEN: I wish this Bill to stand. I have read very carefully the explanation as given to me and as appearing in the pages of the Bill, opposite the proposed amendments. Some of it is incomprehensible, and as it covers only half the Bill, I do not intend to proceed further with the measure until the information I have is supplemented and made adequate for our purposes.

The Order stands.

### INCOME WAR TAX BILL

#### SECOND READING

Right Hon. Mr. MEIGHEN moved the second reading of Bill 96, an Act to amend the Income War Tax Act.

He said: This Bill in its relationship to this House is in the same category as the measure respecting customs; nevertheless I think I should give at this stage the explanation to which the House is entitled.

The first clause of the Bill amends the schedule which establishes the income tax of each person in Canada. I am sorry to say the amendment is upward. Honourable members will have no trouble in ascertaining what their income tax will be if they will just refer to their proper allocation in this schedule. As will be seen from paragraph B, the five per cent supertax on all incomes in excess of \$5,000 is retained. The tax on corporate incomes is increased, being now twelve and one-half per cent. The rate of tax applicable to corporations and joint stock companies which file returns consolidating their profits and losses with those of their subsidiaries is thirteen and one-half per cent. I think honourable members will readily see the reason for this. Take the case of a group of companies, one of which controls or owns the others. If all the companies in the group were to furnish individual returns, those that made profits would pay a tax, and those that did not make profits would pay no tax, but the losses of the companies that did not have to pay would not be deductible from the profits of those that did have to pay; there-