

Canadian securities. The present rate is five per cent. Why should it not be, let us say, twenty per cent? Again, I do not know how much revenue this would produce but I am confident that the return would be considerable. A further tax might be one on the returns from bonds, taken at the source. It seems to me that there is a discrepancy in our field of taxation at the moment. We are taxing incomes derived from industries and from profits. I am making no adverse criticism of that; in fact, I shall have something to say about it in due course. At the same time we have not explored the method of making the other form of capital investment bear its share of taxation, except of course through the income tax.

Then, too, we might ask our people, as they did in New Zealand, to contribute at this time their money in the form of interest-free loans for war purposes. The hon. member for New Westminster (Mr. Reid) spoke of loans at a very low rate of interest. I am in entire agreement with what he said, but I think we might go a step further. The Minister of Finance the other afternoon drew attention to a number of communications which he had received from relatively poor people virtually offering their all in the dominion's hour of need, and I think we have a right to expect that those who have large blocks of money might also be asked and perhaps, as in New Zealand, even compelled at this time to lend at least a portion of their wealth to the state without interest.

One of the most objectionable taxes in the budget, from our point of view, is the new war exchange tax, which was commended highly by one or two previous speakers. Let us not forget that that tax will work not only as a tax but in effect as additional tariff protection on certain classes of goods, and it will be felt by those who have to use certain imported commodities. Nearly all our families on the prairies are bound at certain times of the year to use imported vegetables and fruits, such as citrus fruits for which we can find no substitutes at certain seasons, and this tax will make it more difficult for them to obtain these products because of the increased price. Perhaps the prairie regions will suffer most in this regard, and it will be felt more by our farmers than probably any other group in the community, because they rely to such a large extent upon imported farm machinery of various kinds—imported farm machinery produced in some instances not economically in Canada but which our farmers require for their industry. I suggest to the government at this point that they might reconsider this tax and grant an exemption on farm machinery imported into Canada.

Imports of agricultural implements from the United States in the calendar year 1939 amounted to \$20,098,391. On that basis the war exchange tax imposes upon the farming community in a single year an additional \$2,000,000 or so in taxation. Of all sections in the community, with the exception of the unemployed, the farmers are probably the least able to stand the extra burden of taxation. In my opinion the same result in the conservation of our exchange might have been brought about by the adoption of a rationing system rather than by the method of taxation. I would urge, too, that in relation to other commodities as well as farm implements we should see to it that our price control board keeps a tight hand on Canadian commodities of the same class or kind produced in Canada, so that no undue advantage will be taken by Canadian manufacturers of this particular tax in the budget, if it is maintained.

Now I come to what we regard as the most serious defect in the budget proposals, namely, the excess profits tax. Let me repeat that if we ask men to lay down their lives and to die, as we have learned this afternoon that young Canadians are doing, then we have a right to ask that Canadian industry shall forego all profits for at least the duration of the war. Under the budget proposals, industries which made large profits in the pre-war years, especially those engaged in war industries—

Mr. MacNICOL: Is the hon. member referring to all excess profits?

Mr. COLDWELL: I will deal with that in a moment. I say, under the budget proposals such industries will pay no excess profits tax. I have a list of companies with their 1939 capital and their returns, a list which I have carefully prepared, with the assistance of an able statistician, from the *Financial Post* survey of corporate securities. The list contains the names of thirty-three companies, most of them among the more than usually profitable Canadian companies. Their total profits available for dividends in 1939 were \$146,191,262. On the basis of their 1939 earnings, only nine of them would have paid any excess profits tax under the old act, and only two would have paid excess profits tax of more than \$100,000. The excess profits taxes of the whole lot put together would have taken just 1.5 per cent of their profits; in fact after paying both the increased corporation tax and the excess profits tax these companies would have had left about 79 per cent of their profits. I may add that only seven of the companies would have chosen plan A which has now been discontinued.