

Hon. Mr. CAMPBELL: They would also be taxed in their own country. So if you trace it through to its source, there is no advantage whatever. As Mr. Finlayson said this morning, the matter was most carefully considered, and it was felt that the disallowance against their profits was so great that it offset any advantage they had from income tax exemption on their investments.

Hon. Mr. EULER: That is not what the royal commission said.

Hon. Mr. BENCH: I suppose if they did have an advantage that could be offset by increasing the tax on their premiums.

Hon. Mr. CAMPBELL: Yes, under the Special War Revenue Act. Whether or not there should be an income tax imposed on mutual insurance companies. I am free to feel that there are many small mutual companies throughout this country that might be entitled to some consideration in that respect. Mr. Finlayson said that if the proposed amendment is adopted the companies doing business in the casualty and fire field will be freed of about \$700,000 tax. He did not say how much it would mean if the mutual companies alone were given this advantage. I cannot support the amendment. Corporations engaged in the general commercial field of underwriting for profit, which is passed on to their stockholders would be relieved of corporation tax to the extent that they would be entitled to deduct the premium tax, and we are told that in many cases this would exceed the income tax.

Hon. Mr. EULER: If the premium tax is greater than the income tax on the actual profits, then you cannot deduct something from nothing.

Hon. Mr. CAMPBELL: Frankly I do not consider the special war revenue tax levied under another act, and which is charged against profit, a part of the cost of doing business and therefore deductible from income tax.

Hon. Mr. DAVIES: Is not this premium tax virtually a tax on revenue?

Hon. Mr. EULER: Yes.

Hon. Mr. DAVIES: Does any other business pay a tax on its receipts.

Hon. Mr. EULER: No.

Hon. Mr. MURDOCK: Honourable members, I think the committee should be given information as to how this matter has developed. The Banking and Commerce Committee is composed of forty-eight members. Last evening this amendment was passed by a vote of five to four. It is true that two

honourable gentlemen who are interested in the insurance business did not vote, although they made real contributions to the arguments; and one other distinguished senator did not vote because—I do not know why. What happened later? Superintendent Finlayson told us this morning that, if accepted, this amendment would encroach upon the revenue of Canada to the extent of \$700,000 a year, and possibly \$2,500,000 a year.

Hon. Mr. EULER: No, no; not under this amendment.

Hon. Mr. MURDOCK: He said the loss to the revenue of Canada might be as much as \$2,500,000.

Hon. Mr. EULER: That is not the fact.

Hon. Mr. CAMPBELL: It applies to British and foreign companies.

Hon. Mr. MURDOCK: It applies to the insurance business. There are a lot of things about it that I do not know, but I do know that the great majority of those interested in the business, promoters and others, are fairly well off, and making a reasonably fair income. The Banking and Commerce Committee had before it provisions by which, in this Canada of ours, a single man or woman earning \$75 a month would pay income tax on \$150, and a married man maintaining a home would begin to pay tax if by any chance his income exceeded \$125 a month. It seems to me that some of these cases are more deserving of the serious concern of the Senate of Canada than the lightening of what we are told is an unjust burden.

The burden may be unfair, but what has that to do with it? Where are we to get the money for war expenditures and post-war expenses? A few weeks ago we were told that American money and Canadian money had been placed on a par for the present and the future. That change cost me over \$200, but I was tickled to death to take my loss when I heard the Vice-President of the Canadian National Railways say that the change had benefited that railway to the extent of a million dollars.

With all due respect to my distinguished colleague on my right (Hon. Mr. Euler), and the other honourable members who have so loyally boosted this amendment, I say to them: Dig down and help the government out; there will be no starving or distress amongst those who are behind the insurance companies if they continue to pay as the original bill proposes. With the benefit of this amendment the companies would be relieved