

Special War Revenue Act

Mr. ROBB: Well, I will quote it to my hon. friend if he has any doubt in the matter. Section 61 of the Special War Revenue Act reads:

The first delivery by a corporation or company of such shares, or debenture stock, in order to effect an issue, or the first issue of a bond, or a sale or transfer of any bond between any recognized dealers or brokers shall not be subject to the tax imposed by this part.

That is to say, the first delivery is exempt.

Mr. ARTHURS: That is the delivery to the brokers.

Mr. ROBB: The same thing applies to stock.

Mr. ARTHURS: Not according to the act.

Mr. DUNNING: It applies to stock as well.

Mr. FRASER: Does it apply to common stock?

Mr. DUNNING: Yes.

Mr. MANION: What the minister has quoted does not change our argument. We were not arguing—at least some of us were not—on that point but in regard to the sale of stocks on the market.

Mr. ROBB: I repeat, there is no tax on the first transfer, and I submit that this tax is a reasonable one.

Mr. ARTHURS: I have not before me the act to which the minister has referred nor have I the details of the proposed change. But my impression is that while the original transfer from the company to the brokers is not taxable, the transfer to the public is; and it must then be an additional charge to the company so far as the stock is concerned.

Mr. ROBB: As soon as they begin speculating then certainly the nation has a right to take some share of the profits. If I were representing a mining section of the country I might take a one-sided view of the matter. But this is in the interests of the mining industry, and in support of that statement I shall quote the opinion of the Northern Miner.

Mr. BENNETT: That is the editor's opinion.

Mr. ROBB: Well, he should know what the opinion is in that part of the country. And as a matter of fact any opinion expressed in an editorial column is largely the editor's opinion. I quote:

[Mr. Arthurs.]

While the business of company promotion by brokers has lagged lately, reducing the prospector's claim market, fortunately he has never been in such good position to sell first-class discoveries. Dozens of big mining organizations will listen eagerly to his story if he has a good one to tell, and will send engineers hopping by plane to examine. If his show stands up money is waiting, on the nail. Easy going, long distance deals are completely out of fashion. The prospector can get quick action if he is willing to deal with the big companies. Competition for good ground is so keen that he is sure of good terms. . . . On the whole, it has probably been a good thing for everybody that the promotional game has been slack. Buyers have had a chance to catch their breath and promoters a chance to realize and act upon the new conditions. The public was overloaded with half-baked propositions. . . .

The Monetary Times of January 11 quotes Mr. Norman Urquhart, president of the Standard Stock and Mining Exchange of Toronto, as follows:

Another development which deserves mention and which has come with the increasing confidence in the mining industry is the improved cash position of new companies making application for stock listing privileges, compared with less than two years ago. To-day 60 per cent of the companies making an application have from \$100,000 to \$200,000. This ensures fewer mining failures than formerly because of lack of capital to carry on and indicates how much easier it is to raise money for preliminary development.

Then I have here another statement made by one of the most prominent bankers in the city of Toronto, where I suppose more mining shares are sold than in any other city of Canada. This statement was made by Mr. Bogart, general manager of the Dominion Bank, in his annual report:

With respect to mining, entirely too many stock issues are made at a premature stage of development—some with no claim to recognition whatever are traded in daily—and it is a great pity that the mining industry, which in proper hands is making fine headway, should have to suffer through unworthy exploitation, and it does Canada no good abroad. The Ontario government and some sections of the press do what they can to protect the public, but there should be stricter regulation of the sale of stock and closer supervision of those who sell it.

Mr. FRASER: What was the date of that observation?

Mr. ROBB: It was made at the annual meeting of the bank on December 31, 1928.

Mr. MANION: That was before the imposition of this tax.

Mr. ROBB: But this is pretty good advice. I submit to the house that as compared with other countries our tax is not unreasonable.