

widened, as it is a fair matter of complaint on the part of many of those who are already taxed under that Act that there are many other concerns and partnerships which barely fail to qualify within the Act as taxpayers, but which should be contributing something. In many cases their profits exceed the profits of companies and concerns which are taxed under the Business Profits War Tax Act. It is very hard to answer that criticism because, as the minister himself stated this afternoon, any businessman or concern that is to-day making a profit, is doing so almost entirely owing to war conditions, and therefore, as the minister put it, such profit is fairly a matter of taxation.

I shall not, at the present moment at least, analyse the announcement made by the minister this afternoon in respect to additional taxation under the Business Profits War Tax Act. I would, however, point out to him that it would have been far better had he last year imposed this taxation under that Act to the same extent as he proposes to do this year, because the profits earned by those liable to taxation under that Act were very much greater last year than they will be this year, or than they will be next year. Many concerns in Canada manufacturing munitions which made large profits last year are not likely to make very much profit this year and are likely to make much less the next year. The minister states that if the war continues, the Government will probably have to make a further levy of taxation upon business profits. The time to secure all you can as a tax on business profits is when the maximum profits are being earned, because it is useless imposing taxation when such profits have practically ceased to be earned. It is in the day of prosperity that he should secure by taxation the maximum amount, and he should not wait until the last days of the war, when the financial conditions of the country will not be as they are to-day, to impose fresh taxation in the hope of securing additional revenue. If he does so, I believe he will fail.

I wish to refer briefly to that portion of our revenue which is secured by taxation upon imports. At the beginning of the war or shortly afterwards, the minister brought into effect amendments to the tariff, imposing seven and a half per cent surtax upon the general tariff, and seven and a half per cent upon non-dutiable goods. This application of the seven and a half per cent

tax was made indiscriminately, and I said then and I say now, I am of the opinion that it was not in the interest of the country, nor of the revenues, to have applied the seven and a half per cent tax indiscriminately as he did. In the one case to the general tariff and in the other by applying it to free goods. Were one to take the time to study carefully the result of the imposition the seven and a half per cent upon the general tariff, one could, I think, show that it has yielded little or no revenue. I find in the Customs returns for 1916 at page 192 sets forth that the tariff war tax yielded \$21,814,000, and I take it that that statement in the Customs returns means that the \$21,814,000 came from the seven and a half per cent super tax on dutiable goods and the seven and a half per cent tax on free goods.

Mr. MEIGHEN: What year was that?

Mr. MACLEAN: The year ended March 31, 1916. I find that in that year free goods were imported to the amount of \$254,312,000, and seven and a half per cent on that would yield about \$19,000,000, so that it would appear that out of the total revenue of \$21,814,000 received from this source, \$19,000,000 came from free goods and practically nothing came from the imposition of the seven and a half per cent super tax upon imports already dutiable. If that statement be susceptible of any explanation, I have no doubt we shall have it. As a matter of fact, however, I think it was always anticipated by the Minister of Finance that he would get little revenue by reason of the imposition of the seven and a half per cent super tax on dutiable goods, but that he would get a substantial revenue from the imposition of the seven and a half per cent tax on free goods. If it be the case that the imposition of the seven and a half per cent super tax on dutiable goods is yielding little or no revenue, it should be removed, it does not promote trade interests it rather impedes trade. It adds to the cost of articles essential to life to-day, now oppressive in prices, thereby involving a great hardship to the masses of the people. I submit there should have been some readjustment of the tariff this year, and what more natural than to expect a remission of the surtax of 7½ per cent upon the general tariff. Why should it not be removed, in some cases at least? If its imposition was intended virtually to prohibit some classes of imports, which might at present in some cases be desirable, I would not object. It might be justifiable to continue

[Mr. A. K. Maclean.]