

and should meet, with universal approval. I understand that in Great Britain an exemption of only \$750 of income is allowed, the normal tax being six shillings to the pound, or 30 per cent. On an income of £2,500, or \$12,500, 52 per cent would have to be given to the British Government. Our taxation is a long way from being so heavy as that.

I wish to say just a word about the Patriotic Fund. As honorary secretary of this great national benefaction, it has fallen upon me to see that the revenue is provided for carrying on its work. We have to pay out nearly \$1,000,000 every month for the assistance of over 50,000 families. The burden is distributed throughout Canada probably better than any taxation measure the Government has brought in. Practically every one has been contributing directly or indirectly to the Patriotic Fund, and if the Fund continues on its present basis until the end of the fiscal year we shall probably have received upwards of \$50,000,000—an accomplishment in patriotic giving of which the people of Canada have every reason to be proud. But it is needless to deny that we look forward with alarm to the effect that all these taxes are going to have upon our income. The imposition of heavy business and income taxes considerably lessens not the willingness, but the actual power of companies and individuals to give. We have found that people, particularly of the industrial classes, who buy bonds and pay for them by instalments cannot at the same time contribute to the Patriotic Fund. The Government, therefore is encroaching largely on our sources of revenue, and moreover is in their various loan campaigns utilizing our workers and causing them to be so fatigued that they are unable to take up Patriotic Fund campaigns as well. Our problem is this: shall we try to continue to get the moneys as we have done, or shall we ask the Federal Government, which has so impaired our revenues, to make good the difference? The difficulty is that the taxes which have been placed upon the country by the Government do not reach alike all sections of the Dominion. They do heavily affect the city centres; they do affect men who are contributing out of salary or wages. But we get fully half of our revenue today by taxation, voluntarily levied by provinces, municipalities, county councils, township councils, on the realty within the area that makes the contribution. What are we going to do about that? Here is a source of revenue which the Federal Government has not yet exploited.

[Sir H. Ames.]

If the Government say to us: "We will not expect you to raise any more money in the way you have done throughout the country," might they not resort to the same method of taxation that has been employed on our behalf in rural districts? I made the suggestion the other night to one of the ministers—I make it again, more tentatively than seriously—that if the Patriotic Fund at the end of the present fiscal year pulls out of the field, so to speak, and tells all the provinces, municipalities, county councils and township councils that they need not tax themselves any more for its support, will the Government take over that source of revenue, levy a tax of, say, one or two mills on the realty of the country from one end to the other, and give us our share of the sum so collected? In any event, while it will not be necessary during the present fiscal year to ask the Finance Minister to put into the Budget any sum for the Patriotic Fund, in all probability when Parliament assembles again in 1919 we shall have to confess that we cannot raise the necessary sums in the old way and we shall have to ask the Government, which has encroached upon all our sources of revenue save one, to come to our aid after April 1, 1919, and take care of it thereafter.

I have a few more suggestions to make, and possibly the Acting Minister of Finance and such other members of the Government as are here will make note of them. I was talking the other day with one of the largest exporters of pulp and paper from this country. He drew my attention to the fact that we were losing a large amount of revenue through clause 3C of the Business Profits War Tax Act. He has to pay a very large portion of his business profits tax to the United States, and we, on the submission of proof that that has been done, do not collect that amount from him. But there is no reciprocal arrangement with the United States in that regard. I suggest to the Acting Finance Minister that an arrangement be made under which, in cases where taxation now paid to the United States Government really belongs to us, we may either in like manner secure taxation belonging to them or be allowed to collect taxes on profits which are really earned in this country and let them do the same.

I point out also to the acting minister—with all due deference, and with no intention of raising a hornet's nest about my ears—that those engaged in the business of farming and stock raising are wholly