action of that kind retroactive. On that ground he refused to consider further the question of refunds of that tax, because he argued that the new tax would be applicable only from the date of the budget.

But, strangely enough, in this particular case not only is it made retroactive for a few months but it went back seven years. And they used as one of their chief arguments in making the decision to remit these taxes that since the act had been amended and that particular paragraph no longer applied, therefore by virtue of that legislation the moneys collected, or at least 50 per cent of them, should be refunded to these companies. That is a very interesting argument. In a way I am glad it is on the record. At some future time we may have occasion to refer to that kind of reasoning again.

The second reason given was the alleged uncertainty of the outcome of the appeal that had been taken by two of the 14 companies to the supreme court. I say the "alleged uncertainty" because surely on the basis of the facts as they have been revealed so far there seems no possibility of any reasonable doubt. I ask hon. members to consider that the Minister of National Revenue told us that he carried on consultations with the Minister of Finance, with the Department of Justice, and no doubt with the law officers of the crown before the decision to remit those taxes was arrived at. I would be very much surprised if he had not carried on consultations with those same departments and with the law officers of the crown before he launched his appeal from the decision of the income tax appeal board to the Exchequer Court of Canada.

Certainly the minister must have been pretty firmly convinced by those advisers as to why the government was perfectly within its right in having levied and collected that tax, and having disallowed the deduction which was claimed by these companies. Certainly if there had been any doubt or any uncertainty that would have been the moment at which it would have registered itself. But there was no uncertainty because only one thing was in dispute, namely whether in fact the tax referred to was a corporation tax. That was the question on which the case was pretty well based.

I say the minister certainly must not have been in any doubt, because here are his own words in the submission made to the exchequer court. In referring to this tax he said:

> That the alleged amounts paid by the appellant—

In this case it was the Shawinigan Water and Power Company of the province of Quebec.

> —to the province of Quebec for the year in question under and by virtue of the provisions of the said act of the province of Quebec entitled "An act to ensure the progress of education", were payments of corporation taxes.

I wonder whether the minister now wishes to withdraw from that position, or does he still believe they were payments of corporation taxes? I wonder what his colleagues and his advisers thought about it at that time? Did they agree with the minister that these were payments of corporation taxes and, if so, that they were legitimate assessments upon the incomes of those companies? If the minister still holds to that opinion today—and I see no reason why he should not, because the learned judge of the exchequer court upheld that view—then by what reasoning did he reverse himself, and how did his advisers reverse themselves into thinking there was some uncertainty about it; and how did he become so loath to take a chance on these two appeals to the supreme court that he would rather take the easy way out and say, "Well, after all, this is only the taxpayers' money. We can give them a few million dollars and everybody will be happy." That is the kind of thinking that seems to have gone into that particular reason.

Then we come to the third reason given by the minister, and I think this is the granddaddy of them all. He said it was felt—mind you, Mr. Chairman, it was not a legal opinion—by some that there might be an element of discrimination in the previous legislation which had been repealed in 1953. That is really a strange one, because if we were to start to make remissions of taxes on the basis of the feeling that it may have been discriminatory legislation and therefore we should make some remissions after we repealed it, the minister can easily imagine the position he would find himself in.

Let me give a few examples. Suppose the Minister of Finance, in bringing down a new budget, decided to lower the tariff rates on certain items which are purchased by people, say in western Canada. Let us take ethylene glycol as an example, which goes into the making of antifreeze. Certainly it could be argued that it was a discriminatory tax since it involved the raising of the price of the product to the people who had to buy it. After the new budget had been brought in, following the same logic the government should then be prepared to remit to those people who had paid the customs duty 50 per cent of the amount paid. If they want to be consistent with what they have done the government should say, "We are aware of the fact that we had a piece of discriminatory legislation. Now we have repealed it and we want to keep you happy; we want to treat you in the same way as we treated those 14