

This measure, therefore, being a temporary measure, it is not conceivable to me, when it is understood, that it will have any effect in retarding the flow of capital towards this country. Let us assume for a moment, however, that it would; let us assume that my hon. friend is right, and that it would have some effect in retarding the flow of capital to this country. I ask this House, would that be a good reason for a Government refraining from taking any taxation action that it might deem indispensable towards the winning of this war. Suppose that at the time of the war between the North and the South, when the United States was torn in twain, it had been suggested for a moment that the proposals of the Secretary of the Treasury designed, and necessary, for the prosecution of the war by the North, would have the effect of retarding the flow of capital into the United States; would such a suggestion have been listened to seriously? In Canada today, does anyone consider seriously whether general business is going to be impaired or not? General business is of extreme importance. I yield to no man in my desire that the Government should carry on this war with a minimum of inconvenience to the business of the community. I desire that the war should be carried on, in so far as we can carry it on, with our full power, in such a way as to interfere in the least possible degree with the business activities of this country. I desire that on the grounds of business itself, but I desire it more strongly on the ground that, the more we can promote business, the greater the industrial and commercial activities of the country, the better will we be able to sustain the economic burden of the war. Therefore, in answer to my hon. friend I may say that while I do not believe that the effect of this legislation will be to retard the flow of capital to this country, I am bound to say that the first duty of this country is the conduct of the war, and that business considerations, while of great importance, are really secondary; and I believe the public in this country take that view. * * * The first business of the United Kingdom, of Canada, of Australia, of the Empire, is the war, and when I say that I take second place to no one in stating at the same time that we desire to do everything we can, that we shall omit nothing to promote the prosperity of business in this country, and that we appreciate to the full the desirability of taking no measures, not absolutely necessary in the nation's interest, that will have the effect of retarding the flow of capital into this country during and after the war. * * * We are fighting to protect Canada, to protect the industries of Canada, including among others the mining industry. I have talked with many mining men during the last few weeks and I desire to pay them the tribute of saying that they are willing, they are desirous, they are anxious to pay, and to pay large amounts towards the conduct of this war. Nothing has impressed me more than the attitude of two or three American gentlemen engaged in the mining business in this country. They said: You are asking for one-quarter of one per cent. [Ed.—Should probably read "our profits."] over 7 per cent.; if you want more ask for it and we will give it to you.

Mr. Macdonald: What company was that?

Sir Thomas White: I will give my hon. friend the names privately. These gentlemen would not like to have their names mentioned in the House. My hon. friend is apprehensive about the mining industry. I think he has totally miscalculated the effect of the Bill upon that industry. The principle of the taxation is this: If net profits have been made, in the case of companies, including mining companies, in excess of 7 per

cent., we take one-quarter of the excess and one-quarter only. Does my hon. friend know that, excluding nickel companies, only twenty-four mining companies in the whole Dominion paid dividends last year? My authority is the Canadian Mining Journal.

Sir Wilfrid Laurier: They are not very prosperous, then.

Sir Thomas White: The extraordinary thing is that some were exceedingly prosperous.

Sir Wilfrid Laurier: Only the twenty-four are prosperous.

Sir Thomas White: Others are engaged in the business, but they are not affected by this tax, and many of these are not affected by the tax. The point I am making is that the mining industry has nothing serious to apprehend from this tax. We are fighting for this country, we are fighting for every business in it, including mining. On what principle can I, or can the Government, leave out mining industries from the operation of this tax? On what principle can I tax a manufacturing company, a transportation company, a trading company and pass by the Hollinger mines worth \$10,000,000, or \$15,000,000 or \$20,000,000 and earning up to \$2,000,000 net profits? On what principle can I pass by the Nipissing mine earning \$1,200,000 a year and worth probably \$5,000,000 or \$20,000,000. How can I pass by copper companies in view of the fact that copper has doubled in price since the outbreak of the war? On what principle can I pass by the nickel companies which are making enormous sums out of the natural resources of the country? I appreciate to the full what the mining industry at Cobalt and Porcupine means to the Province of Ontario and I appreciate the importance of the mining industry to British Columbia, but the point I make is that the mining industry is not going to be injured materially by this legislation and I shall show my hon. friend from Pictou that he has misjudged the effect of the legislation upon these mining companies.

I do not believe there is a country in the world in which less revenue is derived from mining than Canada. Take the highly mineralized area in Northern Ontario, Cobalt and Porcupine and other mineralized areas; I was surprised to find the other day that the entire amount of revenue derived by the Province of Ontario from its mineral areas was about \$300,000. It cannot be said that in so far as Canada is concerned there is anything in the situation that would retard the flow of capital towards this country for the purpose of embarking in the mining industry. The Minister of Mines of British Columbia was here the other day and I inquired of him how much revenue they derived from the mines of British Columbia. He informed me that they got \$150,000. I do not know of any country in the world in which such small amounts are taken from the mining industry by way of royalty and taxation as in Canada. I do not believe that the imposition of this moderate tax is going to have the effect, amongst a community as intelligent as the mining community of causing them to slacken their efforts in the development of that great natural resource. We go to the legislation of the United States; the United States is a great mineral country and yet there has been an income tax imposed not only upon the subsidiary mining companies, but upon the holding companies. The maximum allowance made by the United States for exhaustion of capital is only five per cent. I think that is too small, and I shall deal with that phase a little later on. Take the nickel companies of Canada. The International Nickel Company, which has its refining plant in the United States and operates, I believe, through a