

The Province, from the United States, Great Britain, and elsewhere. So the Province must be careful to give these investors the assurance that whatever the laws may be, the industry would not be subject to unreasonable changes and vacillating legislation."

In reply to Mr. Rowell, Hon. Mr. Ferguson said the date of the retroactive legislation should be January, 1916, instead of January, 1915. The latter was a clerical error in the bill.

Probable Nickel Taxes.

Mr. Rowell—What is the estimated taxes for 1916 for the International Nickel Company and the Mond Company?

Hon. Mr. Ferguson—My hon. friend will realize that I am not in a position to give an accurate estimate at the present moment. The Minister added that special considerations would have to be taken into account in the case of the Mond Company, which was giving a large share of its revenue to the British Empire in the shape of war taxes.

Mr. Rowell—Will my hon. friend tell us the estimated tax on the International Nickel Company?

Hon. Mr. Ferguson—It will be some hundreds of thousands of dollars increase.

Mr. Rowell—Is it intended the tax should be upon the net earnings of the company less the cost of producing?

Hon. Mr. Ferguson—Yes.

Mr. Rowell—In accordance with the Commission's report?

Hon. Mr. Ferguson—Yes.

The Minister said perhaps there were some points in the bill difficult to analyze. The bill would be revised and reprinted for the committee stage.

Gold and Silver Taxes.

Mr. Rowell agreed that every legitimate encouragement should be given to the mining industry. He pointed out there was a difference in the various classes of mining operations carried on, and Hon. Mr. Ferguson concurred with the remark: "A very wide one." The leader of the Opposition said he was surprised his hon. friend had not in the bill recognized the difference between the nickel industry, as an illustration on the one hand, where the price is rapidly rising, where it is a monopoly controlled by two companies, compared with the gold mining industry, where the product is of pre-determined value, and where the cost of operation had risen so materially.

Hon. Mr. Ferguson—That is one of the matters under consideration.

Mr. Rowell then referred to the "illegal agreement" entered into by the Government with the Canada Copper Company for a flat rate of \$40,000 a year, and declared if the Province was going to be in receipt of hundreds of thousands of dollars of increased revenue it was because the Government, by reason of the pressure of public opinion, was compelled to go back upon that agreement. This exceptional treatment by a flat rate was contrary to the mines act. The Legislature was the only body that could determine the rate of taxation of these companies.

Should Pay Back Taxes.

Having made an agreement with the International Nickel Company, the Government had to deal with the Mond Nickel Company, said Mr. Rowell, and the Mond Company at the time was paying a dividend of eighty per cent. on its preferred stock.

While by the legislation now introduced the Government took the matter back to the beginning of 1916, there was no provision in the act requiring the International Nickel Company to pay adequate taxes for the preceding four years. The country would not be satisfied with legislation that did not require the International Nickel Company to pay its taxes for those years.

Company Hides Information.

So far as one could ascertain, the Nickel Commission had taken the figures given it by the International Nickel Company, but the Nickel Company had declined to disclose the cost of refining, so that they were unable to ascertain the cost of getting the finished product from the raw material, and he did not know whether the Commission had power or not to compel the Nickel Company to give them the information.

Nickel Company Defies People of Ontario

"A corporation making millions of dollars out of the resources of this Province has no right to defy this Province. And it is the duty of this Government," said Mr. Rowell, "to see that the International Nickel Company furnishes the information so that a proper statement can be made of the profits of the company. Surely the Nickel Company is not more powerful than the Government."

Company's Great Profits.

The Liberal leader said the figures in his possession showed that the income of the International Nickel Company for the first year the agreement with the Government was in operation, namely, 1912, after deducting general expenses, but without deducting what they deducted in New York for depreciation, etc., was \$4,866,413. That was for the fiscal year ending 31st March, 1912, and the figures were taken from the company's own financial statement. For 1913 the income was \$6,386,799; 1914, \$6,128,000; 1915, \$6,713,000; 1916, \$13,470,000.

Proper Basis of Tax.

"I submit that under the mining tax act the only fair way to arrive at the basis of taxation is to take the value of the finished product less the cost of bringing it to that state," said he. "On that basis during the years I have mentioned we should have been in receipt of revenue many times greater than what we have received, and I submit that it is not satisfactory either to the House or to the country that the increase in taxes should be retroactive only until 1916. The International Nickel Company should be required to pay taxes that were properly payable under the act for the years 1912, 1913, 1914 and 1915.

"The present tax so far as it relates to the nickel industry is inadequate," continued Mr. Rowell. "Do you propose to increase that?" he asked of Hon. G. H. Ferguson, to which the Minister replied that there was no proposal at present to further increase the taxes.

Much Water in Stock.

The Opposition leader declared that the International Nickel Company had put into the enterprise only a limited capital. "In the information given to the Commission, in fact in their return, they put the value of their plant, lands, and even the ore, equipment, and so on, at about \$9,000,000, that figure representing their assets in Canada. It is doubtful if that represents that much money put in. The stock of the International Nickel Company is largely water. My honorable friend knows that in 1912 they issued two and a half shares of stock for every share of common stock then in the company, and they were largely water. In 1916, if you take the actual dividend they pay plus the stock dividend and you figure the dividend on the basis of the original stock holdings and on the basis of the market value of their stock, they practically got last year a dividend of 100 per cent. on their stock holdings as of 1912, before they distributed their stock.

Profits in Millions.

"They pay the cash dividend in 1916 of \$9,431,803, and that was for the fiscal year. In 1915 they distributed \$16,391,567. When you find them making such earnings I submit that the rate of taxation is wholly inadequate, especially when their profits exceed \$5,000,000.

"We should have a progressive basis of taxation greatly in excess of what my honorable friend proposes, and in order to determine what the tax should be we should know what the real profits are. Undoubtedly the