

PROCEEDINGS  
OF THE  
**HOUSE OF ASSEMBLY OF NEWFOUNDLAND**  
**SPECIAL SESSION.**

THURSDAY August 16th, 1917.

His Excellency having fixed the hour at which he proposed to open the present Session of the Legislature at three of the clock in the afternoon of this Thursday the Sixteenth Day of August instant, the members of the House of Assembly met in the Assembly Room at a quarter to three of the clock in the afternoon when Mr. Speaker took the Chair.

At three of the clock a Message from His Excellency the Governor was delivered by the Gentleman Usher of the Black Rod commanding the immediate attendance of Mr. Speaker and the House in the Council Chamber. Accordingly Mr. Speaker and the House attended His Excellency the Governor in the Council Chamber and being returned to the Assembly Room Mr. Speaker informed the House that when in attendance on His Excellency the Governor in the Council Chamber, His Excellency the Governor had been pleased to make a gracious Speech to both branches of the Legislature of which for greater accuracy he had obtained a copy which he read as follows:

Mr. President and Honourable Gentlemen of the Legislative Council:

Mr. Speaker and Gentlemen of the Honourable House of Assembly:

I have called you together in this special session in order that proposals

may be submitted to you, which will remove the possibility of the recurrence of the difference of opinion between the two branches of the Legislature, which arose at your last meeting. Proposals will be laid before you to define the relations between your two Houses, in order to secure the undivided authority of the House of Assembly over financial matters.

Mr. Speaker and Gentlemen of the Honourable House of Assembly:

In order to provide additional Revenue for the war requirements of the Colony, you will be invited to consider a measure for the importation of a tax on business profits.

Mr. President and Honourable Gentlemen of the Legislative Council:

Mr. Speaker and Gentlemen of the Honourable House of Assembly:

I trust, that in the consideration of these important measures, Divine wisdom may influence you to results advantageous to the Colony and its people.

It was moved by Mr. W.J. Higgins and seconded by Mr. J.F. Downey that an Address of Thanks be presented to His Excellency the Governor in reply to the gracious Speech with which he had been pleased to open the present Session of the Legislature and that a Select Committee be appointed to draft such Address in Reply.

**MR. HIGGINS.**—Mr. Speaker. I beg to move the appointment of a committee to draft an address in reply to the speech with which His Excellency has been pleased to open the present session of the Legislature. I think it will be very generally appreciated that this is not an occasion when one making such a motion is called upon to speak at any length. Indeed the circumstances under which we meet have but to be borne in mind to have this position realized. We are living in extraordinary times, when extraordinary measures have to be taken to meet the unusual contingencies which the great world war has forced upon us. Only a couple of months since, on an occasion similar to the present, I referred to the Address from the Throne with which the session was then opened as a War Speech; to-day one might term the address to which we have just listened as a War Measures Speech. The Legislature, we are told, is convened in special session to consider measures made necessary in the light of recent events to ensure the colony's continued participation in the burdens of Empire in accordance with the declarations made in this House, and by the people throughout the country ever since that memorable date of which we commemorated the third anniversary only a few days ago. The late lamented Earl Kitchener was the first to sound the note that the needs of the Empire and its Allies to procure victory were Men, Munitions, and Money. The period of his reputed prophesy, a war of at least three years, has passed, and the call from his successor who has only really just begun to travel the road to final success is More Men, More Munitions, More Money. Obedient to the call of the Mother Country, Newfoundland, the oldest daughter of the Empire, has sent the flower of her man-

hood, a truly heavy toll has been exacted from amongst our bravest and best, for none but real men could both hear and obey the summons to duty. And now the country is compelled to turn to the quarter where her wealth is concentrated and has to exact more money. To this end we are informed in to-day's Speech that in order to provide additional revenue for the war requirements of the colony this House will be invited to consider a measure for the imposition of a tax on business profits. The subject is one which has already received consideration in this Chamber, in the public press, and amongst the community generally; little remains to be added. I understand it is proposed to levy a tax of 20 per cent. on all profits over and above the sum of \$3,000; or, put in simpler words, after allowing a business to have charged up to it all the ordinary expenses of operation, including the salaries of those in charge, a further allowance of \$3,000 is made, and from the surplus profits then remaining one dollar out of every five is asked as a contribution to meet the need for money in these exacting times. It has been argued that because an allowance for interest on capital is not made the proposed tax is discriminatory. But, Mr. Speaker, is not everything in connection with this war discriminatory? Is it not the basis of the modern method of the conscription of men that it is a Selective conscription? Some are chosen and compelled to face the duties of active service, whilst others are excused. Does not the process of selection say in words to the son of one man that he must go to war because he can be spared from the home, whilst it excuses the son of his neighbour whose presence home may be necessary for the maintenance of the family? Is it not a penalty imposed upon strong and healthy manhood that it

rock from which the elective chamber has never shifted all down through the ages of Parliamentary reform. Rarely has the position been challenged; never has it been surrendered. In consequence, however, of a determined attempt to invade what the People's Chamber always regarded its undoubted rights it was deemed advisable to introduce into the Mother of Parliaments and enact into law what is known as the Parliament Act of 1911 under which all possible doubt on the point was removed. Pending the introduction of the proposed legislation into this House, I have but to say as one who is but a spokesman for the people, whose seat in this chamber is held because of their pleasure, and whose privilege it is to be responsible to them for my conduct whilst here, that I commend the proposals to the careful consideration of my fellow-members as only another advance under the democratic institutions which regulate our form of Government.

I move, Mr. Speaker, for the appointment of a Committee to draft an Address in Reply.

**MR. DOWNEY.**—Mr. Speaker, I am but infrequently called upon to congratulate myself upon meeting a stroke of good fortune, but after listening to the reary excellent manner in which my learned friend, the Mover of the Motion for the appointment of a Select Committee, has addressed this Chamber, I cannot think but that, at last, I have struck a sinecure as my duty in this matter has been made remarkably easy. The Hon. Member has dealt with the subject matter of this Motion in such a masterly manner that it is quite unnecessary for me to refer to it at any length.

I agree with the Hon. the Mover that it is most regrettable that the action of the Upper Chamber has placed upon the Government the

necessity for the convening of this special session, but in justice to the Hon. Members of the Legislative Council I feel called upon to say that I am convinced that if more time had been afforded that Body to subject the War Tax Profits Bill to the careful analysis that its importance demanded, in all probability the necessity would not have arisen for the calling of this special session.

On the other hand, Mr. Speaker, this Chamber has now what I might designate a sacred duty to perform and which it must on no account shirk. We all know in what esteem the sturdy Barons and Yeomen of Runnymede are held for the noble work they did in wringing our prized Magna Charta from a reluctant King. We are now up against a somewhat similar state of things and we would be but unworthy Sons of worthy Sires if we, now permit an action, such as the recent one of the Legislative Council, to jeopardise or imperil the glorious heritage of independence of any control in matters financial that has come down to us. We are but temporary custodians of this especially prized prerogative of the Commons and we must, on no account, fail to transmit this privilege unimpaired to our successors.

I am as yet, Mr. Chairman, unaware of the features of the measure which the Government proposes to submit to this House, but whatever that enactment may be and in whatsoever manner it will undertake to preclude the possibility of a recurrence of the present "impasse" between the two branches of our Legislature and confirms absolutely to this House undivided authority over money matters, it will have my hearty support and I do not disguise the fact that, in my opinion, responsibility for this legislation does not rest with this Chamber.

I have much pleasure in seconding the Motion.

The following Committee was appointed to draft an Address in Reply to the Speech from the Throne, namely: Mr. Higgins, Mr. Downey, Mr. Hickman, Mr. Halfyard.

Right Hon. Prime Minister gave notice that he would on tomorrow ask leave to introduce a Bill to make provision with respect to the powers of the Legislative Council in relation to those of the House of Assembly.

The Minister of Finance gave notice of resolutions to Tax Business Profits.

It was moved and seconded that when the House rises it adjourn until tomorrow at three of the clock in the afternoon.

The House then adjourned accordingly.

FRIDAY, August 17, 1917.

The House met at three of the clock in the afternoon, pursuant to adjournment.

A petition was presented by Mr. W. J. Higgins from the International Grenfell Association, which on motion was read by the Clerk as follows:—  
To the Honourable the House of Assembly of Newfoundland:

The Petition of the International Grenfell Association, respectfully sheweth as follows:

1. Up to the year 1913 there had been carried on by the Royal National Mission to Deep Sea Fishermen, an English organization, through its Medical Superintendent, W. T. Grenfell, Esq., M.D., C.M.G., certain medical and social work in Labrador and in the District of St. Barbe, Newfoundland.

2. About that time it was felt by the Royal National Mission that they could not adequately control and con-

duct from England work on this side of the Atlantic, and that they would prefer to devote themselves mainly to their regular work of caring for fishermen in the North Sea. It was also felt that the numerous subscribers in North America should have some part in the control of the work.

3. Your Petitioner, the International Grenfell Association was therefore incorporated, and the entire control of the above mentioned work was placed in its hand.

4. The Association at once undertook the complete reorganization of the work and employed for about four years a very expert business organizer, who placed the entire work of the Association on a thoroughly regular, orderly and systematic basis, as it is at present.

5. The Association expends in Labrador and Northern Newfoundland annually a sum of about \$65,000. Of this \$4,000 is contributed by the Government of Newfoundland, and \$1,000 by the Grenfell Association of Newfoundland; the remaining \$60,000 is contributed by the Royal National Mission, London, the Grenfell Association of America, New York; the Labrador Medical Mission, Ottawa, and the New England Grenfell Association, Boston. The Association does not trade in any way and its income is entirely derived from voluntary contributions.

6. The Association is governed by a Board of ten Directors, under whom Dr. W. T. Grenfell serves as Medical Superintendent. The Directors receive no fee or reward whatsoever. They are at present:

SIR WILLIAM F. A. ARCHIBALD,  
late Senior Master of the High Court, London, England.

EDGAR BOGUE, Esq., Solicitor, London.

must fill and keep filled the ranks which have to suffer the untold horrors of this awful war, whilst its weak and less robust brother remains at home? Why, is there not even in Death a discrimination,—involuntarily so if you wish,—between two next-door neighbours whose sons go off as comrades to battle, when one mother gets an opportunity to welcome her boy back to the family circle, whilst the other has to be content with the vacant chair and a memorial card, finding consolation only in that they typify the noblest sacrifice which mortal man can make. And so, Mr. Speaker, is the position with regard to wealth. If there were a discrimination, which I deny, it is a discrimination forced upon wealth by the exigencies of the war. This is a time when all previous standards have to be abandoned. Lives, ambitions, peace of mind, freedom of speech, wealth,—all go into the melting pot. War needs have the right of way. Nothing can stand in the way of a vigorous prosecution of the cause to which we are allied, and whether the toll be upon our manhood, our comfort, or our wealth we cannot murmur. Some of us would give all we ever hope to possess of this world's goods to call back those nobler than ourselves whose bodies lie beneath the shrapnel-ploughed sod of the battles fields of France; we are unable to do it, and we must be content. Those others who by reason of their situation in life would be the largest contributors under the proposed Profits Tax must surely recognize that it is but the penalty of riches to be unduly levied upon in times like these. The need for money is immediate. The tax, we trust, will be only of the most temporary character. Money must be got, and the first and natural places from which it is to be obtained are the fountains of wealth. And as

nothing in this war can be viewed except by emergency methods, is it not fair to ask that those who by reason of their large business interests have most at stake on the outcome of this struggle should shoulder an unusually large share of the money which goes to pay the insurance premium for the protection of this country. For that is what the proposed tax represents. It is a levy on business people for the upkeep of the forces, which whether on the North Sea, in France, or in the waters surrounding our Island are keeping the hated Hun from our shores. And in that spirit do I approve of the proposed legislation. An opportunity will be afforded when the bill comes before the House to make more detailed comments upon its principles. The address of His Excellency also intimates that an important step is to be taken in our local parliamentary history by the introduction of proposals to define the relations between this Chamber and the Legislative Council. What the nature of these proposals will be I can at present only assume, but in the light of the reference in the Address that they are designed to prevent a recurrence of the difference of opinion between the two branches which occurred at our last meeting and that they are to secure the undivided authority of this House over financial matters, it is not difficult to imagine in a general way what the proposals will probably be. By the form of government under which we live, and for which so many of our boys have laid down their lives, it is a fundamental principle that the people must rule. And as a corollary from that position it must of necessity follow that in financial matters which affect the people, whether in the form of taxation or otherwise, absolute and unimpaired control must rest only with this House which is directly responsible to the people. That is a

D. RAYMOND NOYES, Esq., late of Brown Brothers & Co., Bankers, New York, now of U. S. Army Aviation Corps.

WILLIAM R. STIRLING, Esq., of Peabody, Houghteling & Co., Bankers, Chicago.

CLARENCE J. BLAKE, Esq., M.D., of Boston.

FRANCIS B. SAYRE, Esq., Assistant to the President of William's University, U.S.A.

SIR HERBERT B. AMES, M.P., Chairman Canadian Patriotic Fund, Ottawa.

JOSE A. MACHADO, Esq., Vice President American Bank Note Co., Ottawa.

WILLIAM C. JOB, Esq., New York.

ROBERT WATSON, St. John's, Newfoundland.

7. The Directors meet at least once a year, usually in Boston, New York, or St. John's, as may be convenient. They are at all times kept fully in touch with everything that is done by the copious circulation of correspondence, minutes, reports, &c.

8. The Directors regret that the Association has been and is still the object of an extraordinary amount of calumny and misrepresentation, emanating largely from certain mercantile firms and persons trading on the Labrador who find that as a result of the social work of the Association's subordinates the people of that region are not so easily exploited by commercial interests as formerly. At your last session there was presented to your Honourable House a petition alleging that the Association were law breakers and a menace to the public welfare and that the Customs privileges afforded them ought to be curtailed, and asking for an enquiry.

9. These Customs privileges are given in consideration of the merits and value of the medical and other work done in these localities; if this

work is of no value to the public, the privileges ought to be curtailed; if it is of value, they ought not to be.

10. The Association respectfully but urgently points out that under the circumstances the enquiry, which they welcome and invite, ought not to be restricted to the vague allegations of law-breaking made by the petitioners, but ought to include the general question of the merits and value or otherwise of the Association's work. The re-organization under the new management has within the past few months only been completed; and the Directors urgently ask that they be afforded the opportunity of clearing their organization before the public of suspicion and blame, so that they may continue unhampered the benevolent work they have so recently undertaken. This request was communicated by a letter to the Government at the time of the presentation of the petition above-mentioned.

Your petitioners therefore humbly pray that the scope of the proposed enquiry be broad enough to include not only the alleged breaches of law, which the Association denies, but the general question of the merits and value to the public of your petitioners' work. Your petitioners cannot believe that your Honourable House will for a moment entertain the idea of admitting the petition of interested business parties for an enquiry into the Association's alleged faults and the curtailment of its privileges while refusing the petition for an enquiry into the merits made by a Board of Directors, who without pay or reward are unselfishly devoting so much time, money and energy to the promotion of the welfare of the sick and poor.

And your petitioners as in duty bound will ever pray, &c.

Dated the 15th day of August, 1917.

THE INTERNATIONAL  
GRENFELL ASSOCIATION.

Per R. WATSON,  
Director.

MR. HIGGINS.—I would like to add, Mr. Speaker, my personal support to this petition, purely upon the ground that is contained in the prayer of the petition, in that paragraph which asks that the enquiry be made broad enough to cover the points that are referred to in this petition, not alone because of the presenting of a petition in this House at its last session, but because generally there has been considerable discussion of the work of the Association; and I think that if the Association is expending some Government funds on that work, that even for that reason we ought to avail of all opportunities to decide whether or not there is any foundation for the accusation of irregularities; and apart altogether from this, as a matter of common justice to an organization that spends here \$60,000 annually, practically all of which comes from outside; I think it is in the interests of the country and the duty of the Government of the country to take steps to see that under the guise of the accusations that have been made is that the work has not been as philanthropic as might be ordinarily expected from the character of the men who are connected with it; I think in the light of the fact that these people have for years past supplied large sums of money to this work; in the light of the voluntary effort at least of those connected with the administration work; that the request of the present petition should be granted and that the enquiry be broadened on the lines suggested so that the country at large may know the correct position of the Association. I have very great pleasure in supporting the petition.

Mr. Higgins on behalf of the Select

Committee appointed to draft a Reply to His Excellency's Speech, presented the Report to the Select Committee as follows:

To His Excellency Sir Walter Edward Davidson, K.C.M.G., Governor and Commander in Chief in and Over the Island of Newfoundland and its Dependencies.

May it Please Your Excellency:

We, the Commons of Newfoundland in Legislative Session assembled, beg to thank Your Excellency for the Gracious Speech which Your Excellency has addressed to both Houses of the Legislature.

W. J. HIGGINS,  
J. F. DOWNEY,  
A. E. HICKMAN,  
W. W. HALFYARD.

Assembly Room, August 17th, 1917

Pursuant to notice and on motion of Hon. the Minister of Finance and Customs the House resolved itself into a Committee of the Whole to consider certain Resolutions dealing with the question of the Taxation of Business Profits.

Mr. Speaker left the Chair.

Mr. Parsons took the Chair of Committee.

HON. MINISTER FINANCE AND CUSTOMS.—Mr. Chairman, in introducing these Resolutions to-day I am placed in a position I think that has been occupied by no other Receiver General. If you remember, Sir, on July 26th the same Resolutions that are before us today were introduced in and passed by this House and a Bill was brought in to confirm them. That Bill passed this House through all its stages with the unanimous sanction of this House. That Bill was sent from us to the Upper Chamber nearly a fortnight ago. It was taken exception to by that Chamber and we are here to-day with the same Resolutions before us. Now the Resolutions passed by this House and sent to the Upper House asked for a tax of 20% on profits after deducting \$3,000. That proposition after being placed before the Upper House was repudiated. They

came back and told us that it was not in proper form to become law. Well now from the opposition given that Bill in the Upper House one would think that we were asking for something very unreasonable; but I will just ask this Committee this afternoon to take the Bill and analyse it. The Upper House says "we are satisfied for taxation, but you are doing it the wrong way." Well now, here is what we are doing: Take for example a concern capitalized at a million dollars making a profit of ten per cent. Ten per cent. on a capital of a million dollars means \$100,000. We stated in the Bill that \$3,000 could be subtracted from the profits and from the balance left the Government would take in taxation 20%. Well now ten per cent. on one million dollars is \$100,000. Subtract from that \$3,000 and it will leave a balance of \$97,000. Now take one-fifth of that and you have \$19,400; \$19,400 appears to me to be a very small tax indeed on a business capitalized at one million dollars. Any business capitalized at that amount in this country to-day is doing a turn-over of over six millions. \$19,400 in a lump sum looks a fairly decent tax, but when you take into consideration the volume of business done with a capital of a million dollars what does it amount to. With a capital of one million, confined to the capital alone, and not taking into account the fact that it is turned over half a dozen times a year, we are not asking for a tax of two per cent. But that was not the great objection of the Upper House. The great objection in the Upper House, so we are told, is to the manner in which we sent up the Bill. They said that they were prepared to pay the tax, but that we must amend the Bill to give them 6% on their capital. The tax would then work out like this: Take a capital of one million dollars, paying ten per cent. profit. From that ten per cent. profit they ask to be allowed six per cent. on their capital, or \$60,000. Now, as I have stated ten per cent. on that capital is \$100,000. They want to subtract \$60,000 from that and from the balance of \$40,000 we are to take one-fifth or \$8,000; whereas the tax in the Bill we sent up would be \$19,400. That would be a ridiculous amount to ask from such a large concern. I repeat, Mr. Chairman, that the

\$19,400 would be even a very small tax when you remember that the business has made besides it \$78,000, and I cannot conceive why such an uproar was made by the Upper House over the Bill sent up by us. Another contention was that unless an allowance is made for interest there will be a discrimination, in other words that the business which works on its own capital is placed in a worse position than the business which borrows from the banks. The reply to that is that a concern which works on its own is in the much better position. A concern doing business with a million dollar capital, who is its own banker, is in the splendid position that it is able to make \$60,000 a year more profit. But there are very few businesses conducted in this country to-day without receiving accommodation from the Banks. Even the man who has a million dollars has to go down to the Bank occasionally and ask for accommodation and is charged six per cent. We are not asking him to pay a tax on that. We are allowing him to deduct that as a proper charge against his business. I think, Mr. Chairman, when this bill is considered by the public outside this House—when they have gone into it and weighed it properly—they will come to the conclusion that it is more than reasonable, that it is more than easy on the business man of this country.

Gentlemen in the Upper House laughed to scorn the idea of the Government raising taxes in this way, and they put forward their ideas of how it should be done. One gentleman said: You will not get enough money under this form of taxation to pay for the machinery that you will have to put in force. Another said that this was not the right way to do it; that the proper way would be through the Custom House—to put an export tax on fish and oil and other produce leaving this colony. If you will go through that debate, Mr. Chairman, you will see that not one suggestion was made to put a tax on the rich man. What does it mean, Sir, if we have to put a tax on our exports? Does it not mean that the fishermen, who form 80 per cent. of our producers will have to pay? The only scheme feasible in their eyes was that we should come down and



levy a tax on each quintal of fish that is to be exported from this country within the next two years, on every gallon of oil, on every seal skin, on every lobster, and on every salmon. That was the scheme suggested by the Upper House. Now, in that event, who is it that pays? Is it not the fishermen of the colony? One of the principal merchants of the country argued with me the other day that it was not the fishermen who would have to pay under this arrangement of levying on exports. Can anyone conceive of a merchant doing business putting up such an argument. If a fisherman sells a quintal of fish to-day, he receives \$10.00 for it. But suppose that we proposed to put a tax of 50 cents a quintal export duty on fish, what would the merchant who was going to buy fish to-morrow pay the fisherman for it? Would he not pay him \$9.50 instead of \$10.00? Is it not the fisherman, then, who would have to pay the 50 cents? Now, I am prepared, as a member of this House, to levy a tax upon the fisherman if this war goes on; but I am not prepared to levy that tax until the man who has made his thousands out of the fishermen since this war began has paid his proper share. Did we not within the last few months appoint a Board to enquire into the high cost of living within the past two years; and what did that Commission find? Did they not tell the public through their reports in the press, that the very men who are now kicking in the Upper House about this tax, soaked the fishermen of this Island to the tune of \$4.00 a barrel on flour and \$10.00 a barrel on pork; and yet when we ask these men to pay a small tax on the enormous profits made by them, they kick up their heels and tell us that we are not fit to be legislators of this Island. Was it not cast at us in the Upper House the other day that this Bill was conceived in ignorance? I was present in the Chamber when an hon. gentleman made the statement. He said that the Bill was conceived in ignorance and narrowmindedness. I, for one, will throw that back to-day, through this House. I am prepared to bear my responsibility for this legislation; and I am prepared to go back to the country with that Bill which was sent up to them and re-

jected, which placed this country in the awkward position of having to close the House of Assembly and open it again within a week. These are the men that we hear so much about; the patriots who are prepared to do so much for their country. They are prepared, if allowed, to soak the fishermen of this country. That is what they are prepared to do. Any legislation that is sent up to them which doesn't touch their own pockets is not taken seriously; but the very minute we ask them for a few dollars to support our soldiers that are shedding their blood to-day in France to keep these men in the positions in which they are to-day, they whine. I don't know how the gentlemen of the Upper House, who saw the picture that was painted there the other day, felt. We went up from this House at the request of His Excellency. All the bills that had been passed were assented to. The Profits Bill was not called. It had been rejected by the Upper House, who gloated over their action. After that ceremony was over, a lady was called to the foot of the throne to receive the honours which had been won by her dead brother. I don't know how these gentlemen felt at that moment. I know I felt mean as one who had been associated with a Legislature that refused to give this country, to give to her and her children, and to the children of the soldiers that are across the seas fighting for us, sufficient to keep body and soul together. The more one thinks of the action of the Upper House in connection with this Bill, Mr. Chairman, the more one is convinced that it was one of the worst breaks ever made since Responsible Government was granted to Newfoundland. There are other reasons, Mr. Chairman, why they should have taken this Bill to their bosoms. Since the war broke out in 1914, they have not been asked to contribute one cent additional towards the upkeep of this war—not one cent. Now, what has happened in Canada during this period? What has happened in the Old Country? Right from August, 1914, the wealthy taxpayer has had to pay up. Here in Newfoundland we went on borrowing money day after day and year after year, and the rich man

of this Island was not asked to pay one cent. This is the first Bill of this kind to be introduced into this House since the war broke out. And what is the position in connection with this Bill? If we made the measure retroactive, would it not be reasonable and fair and just and right? But no, we merely came in and asked that the merchants pay one-fifth of their profits over \$3,000 for the next two years. Now, under the conditions existing to-day, Mr. Chairman, can any sane man put forward the argument that that was unfair or unjust? We have been compelled to make history within the last ten days. After this Bill had been rejected by the Upper House, the Legislature immediately closed. The Premier had to look around him to see how to make this bill become law. To make this Bill law the Upper House has to pass it, and if it comes back from the Upper House again he is in this position that he has got to fill the seats in the Upper House with men who have patriotism enough to pass this Bill. That is the position, in cold English. But, Sir, this is not the first time that this has happened in Newfoundland. In 1894, nearly twenty-four years ago, the same thing occurred. I then had the honor of having a seat in this House, and a Revenue Bill was sent to the Upper House and rejected by the very same stamp of men we have in the Upper House to-day. Mr. Goodridge, who was then Prime Minister, had to have that House adjourned, and before meeting again had to have the seats vacant in that House filled in order to pass the Revenue Bill. Now the motion to destroy that Revenue Bill was made for what? For political purposes alone, Mr. Chairman. I do not profess that the bill is perfect. Our experience may be the same as Canada's, but that is no reason why the bill should not pass. If we find a year hence that this bill does not meet the requirements of the Colony, it is our place to come down and change it. This is not a bill to remain on the Statute Book for ever; it is only for one or two years, and the members of the Upper House were not fair or just to the representatives of the people when they sent it back to us. These gentlemen are not themselves infallible; they and their

kind have made mistakes; we have Black Monday to remind us of that. Now it must go out through Newfoundland and abroad that the Legislature of Newfoundland brought in a tax on profits, to raise money for the soldiers who have gone out to fight for us, and that the Upper House rejected that Bill and sent it back without any apology—sent it back to us to tell our constituents that we are not the men to represent them. Now, I don't know any language which is strong enough to express my indignation with the Upper House to-day. If it was ignorance on our part to send that Bill to the Upper House it was impertinence on their part to send it back; and I hope that before this House closes, the measure on the order paper to-day will be passed to keep them in their places; and I hope that in future when a Money Bill is passed by this House to meet the requirements of the people of this Colony they will show it more respect than they have shown this one. These resolutions, as I have stated, Mr. Chairman, are before us in the very same form as brought before us on July 26, and I think the disposition of this House is to pass these resolutions in the same form now as then.

MINISTER OF JUSTICE—Mr. Chairman, I would like to add a few words to those already given to this Chamber by the Minister of Finance, in moving the House into Committee on these Resolutions. I wish to express my fullest concurrence in the remarks which have already been made here by the Minister, and also to voice the feelings he voiced in referring to the indignation I feel at the action of the Legislative Council in throwing down a Money Bill which is an entirely similar bill in every respect to that now before us in the form of these Resolutions. It has been argued, not alone in that Chamber but outside that Chamber, that what the Legislative Council has done was perfect and in order; that it was perfectly legal for the Legislative Council to take the means they did to wreck that Bill. Sir, the persons with such ideas as that ought to have been living centuries ago. They were born in the wrong age. Perfectly legal. Yes, Sir, there are thousands of things perfectly legal connected with our Constitution, which,

nevertheless, were perfect nonsense. Perfectly legal, Sir, yes it would be perfectly legal for the King to-morrow to discharge every soldier and sailor who has volunteered, and sell every ship which has been commandeered from this war. It would be perfectly legal, yes and perfectly absurd. It has been contended very ably that the rejection of a money bill was unjustifiable by a very eminent authority in connection with the legal profession and in connection with our courts of law. I remember the words of Lord Janes, a very eminent authority on such matters, when discussing this very point in such a crisis as this. He was dealing with the point as to whether it was perfectly legal for the House of Lords to throw out a Money Bill which had been sent up by the House of Commons, and he pointed out very clearly that it was not a question of legality so much as a question of usage; a question of convention; a question of what was the custom to be done; and on that usage and that convention when it was disputed by the House of Lords some six years ago, the Government went to the country and that usage was then brought in in the form of a Parliament Bill, which Bill made it quite plain that in future no Money Bill could be either amended or rejected by the House of Lords. Perfectly legal; yes, and perfectly absurd for persons who represent nobody but themselves to interfere with money bills, and assume powers solely vested in the representative chamber. What the whole institutions of the Government have long since recognized, that the Representative Chamber has the fullest control of money matters, has been set at naught. All you have to do is to look for one moment at the Governor's speech, with which every session of the Legislature is opened, and His Majesty's speech on the opening of the English Parliament. In it there is an appeal from the Crown to the House of Assembly or the House of Commons to provide money for public services, and when the session is over and the King or the Governor comes down to give his address, it is not the House of Lords or the Legislative Council that are thanked, but the House of Commons and the House of Assembly, showing that this usage is

recognized both in the opening and in the closing of Legislative Assemblies. Now I strongly concur in what has been said by the Finance Minister. We have been blamed for passing this Bill in ignorance, and what do we find coming immediately after this charge. Hardly had the words left the mouth of the hon. member before he gave a typical display of ignorance himself. He did not know what he was doing. A motion was made to rise the Committee. It was pointed out to him that the rising of the Committee meant the rejection of the Bill; but I am informed in spite of that he was so blind to everything but the importance of such legislation to the financial magnates on Water Street, that he could not take in what would be the effect of rising the Committee without asking it to report progress and ask leave to sit again, and it was only after the session was over that the member saw what had been done; and then he stated what he meant was for the Committee to rise in order to consult with the Government and sit again to consider it. A more utter display of ignorance it would be hard to find anywhere, especially at such a time when a charge of ignorance was being made against this chamber and when was involved the power of the Legislative Council and Legislative members. The very point itself was an utter display of ignorance without regard to what the motion was. Even the intention was a second display of ignorance. He was going to rise the Committee in order that it should sit again after consideration with the Government in order that some amendments should be made. That itself was another display of ignorance, because it was not competent for the Government to meet these gentlemen and agree with them upon some amendments that should be made in that chamber, even though the amendments might be acceptable to the Government. That would be an infringement of the privileges of this House and I personally would very strongly resent it even though the amendment was sanctioned by the Government representative in that chamber. It is not competent for such a thing to be done; it is the privilege of this House to deal with such matters, and this House alone.

Sir, all sorts of observations have

been made in the way of objections to this measure. To sum them all up very shortly they oppose any measure that has for its object the taking of money out of their own pockets. In spite of their statements it means nothing else but that they do not want to pay this taxation, and the perfectness or otherwise of the Bill is nothing to them. The more perfect the Bill the greater would be the opposition. One of the objections against the Bill is that we cannot afford to make such taxation a policy in Newfoundland because we are a country that needs all the capital possible for other work. If this taxation cannot be acceptable for that reason, how can any taxation be acceptable? How can the House of Commons vote anything for the war? How can the Canadian Parliament and the American Parliament vote anything for the war, or even a single cent because it is not all for economic development? What is this money being used for, but to insure economic rights? And what difference can there be in taking the taxation from this particular source? What is the difference between the man on Water Street saving ten dollars and the fisherman saving ten dollars. It all goes to the same place, the bank, and it is there lent out into business. This argument has been well answered by the Finance Minister in that any other form of taxation would be acceptable, provided they did not have to pay it. It is quite alright to tax other people, but leave us alone. You have only to walk down Water Street or any other street of the town to see the result of the war. Since the war began there has been more joy riding and other amusements than ever before and these have come out of the war. These people are better able to pay now than they were before, and they try to get out of it by calling this Class Legislation. Well, Sir, I must plead guilty to being in favor of Class Legislation of this kind, and it is a misfortune that Newfoundland has not had it long before. Taxation has always been imposed through the Custom House and direct and income taxation has been too long absent. At the present time the taxation is borne mostly by those least able to afford it. One person makes twenty, thirty, fifty and one hundred thousand

and dollars, while some fisherman makes twenty, fifty or one hundred dollars. The fisherman making the small wage is the one taxed, and the thousand-dollar persons are exempted. That has been one of the defects of the present system of taxation at the Custom House, for there a man is taxed, whether he can afford it or not. Many thousands of dollars are being paid into the revenue now through the Custom House that would not have been paid under ordinary conditions. As the prices have gone up, so has the duty, so now, whether the poor man is able to pay it or not, he has to. All this while others in the community have been gathering together their large profits and these they contend must be left alone. Sir, I again say I plead guilty of supporting Class Legislation of this nature. I am in good company. Any principle of income taxation is class legislation, for the more a man has, the more will it be necessary for him to pay. The more he has the higher the rate. A man with an income of \$5,000 would have to pay five or six times more than the man getting \$200, not alone correspondingly but in the way of a rate, and that is my reason for favoring it. The only objection I have with this bill is that it does not go far enough, but I hope when the House meets again it will further consider this matter and bring those that have escaped from the provisions of this measure within the fold. We are told, Sir, that this is also a criminal effort on our part, polluted all through, and that the worst offence connected with this is the intent with which it was formed and the intent with which it is being put through. The real secret, we are told, is that we are edging for Confederation. That on both sides of this House there is a secret agreement to bring about Confederation, and Confederation is going to be brought about because Mr. So and So of Water Street and so and so from somewhere else is going to have to pay two, three, four or five thousand dollars into the revenue instead of spending it in joy riding or other pleasures, and that this is going to bring about Confederation. They add that there is a secret hand and that hand is working from Ottawa and my hon. friend behind me is one of the principal conspirators and my

friend opposite is an "arch conspirator". We and all the rest of us on on both sides are "dummies". We dare not take any stand but meekly acquiesce in all that goes on. These, Mr. Chairman, are the arguments adduced against this measure. Sir, those who utter this kind of statement have reason to know that I cannot be so easily led. But, Sir, it is not Confederation that is troubling these people, it is the fact that they have to pay. They were quick enough to make their grabs out of the Government in the past, but they are not so anxious to contribute anything to the Government now. They do not like to part with their dollars. We are told that we have not appealed to the people, but we are quite prepared to meet them there any time they like. I have no hesitation in saying that there is not a constituency in the whole of Newfoundland which would return a member who would oppose this Bill or any Bill of a similar nature, or support the Legislative Council in throwing out the same. I will go further and say that they would not get a candidate prepared to face a district for them. The days I hope of the old time grabbing are gone, and those who have been successful must pay, and I for one, am out to see that they do.

As the minister has pointed out, at the present time we do not consider this measure to be perfect, but we do regard it as a step in the right direction. It will need machinery to work it out; and that machinery when it is in working order will be able to be extended to deal with a more perfect and wider measure, and I have no doubt but that when we meet again we will be dealing with a wider measure of income tax, and I expect the wider measure will give rise to a bigger howl than that heard during the past few weeks.

Mr. Cashin in dealing with the matter has dealt fully with the question of interest about which so much has been said. One of the objections raised to this measure has been that under this measure no amount was allowed for interest on capital. This tax is really an income tax and does not take into consideration capital at all. It is an income tax on business. Some have stated in the public press that in this form it is an attack on capital. Now for the life of me I

do not see how this can affect capital. Capital is untouched. It is not affected under this Bill. Not only is the capital untouched but profits are to a certain extent allowed to be estimated and when the net profits are estimated a further allowance of \$3,000 is allowed before the tax applies, and then there is taken for war purposes by the Government one dollar in every five. The capital is thus not affected at all. There is only effected one dollar in five after all costs have been allowed for and \$3,000 clear profit besides.

I wish to endorse what has been said by the Finance Minister in relation to this interest matter. There is no reason why a firm capitalized at \$1,000,000 and which does not need to go to the banks should be allowed to retain six per cent. of that money as interest. It has been said that another firm on the same street might be doing the same business on a capital of half a million, borrowing at the time half a million from the bank. Under the law as at present contemplated, the firm borrowing from the banks will be allowed its interest charges, while the other will not. The position we take is that the firm with the increased capital can better afford to pay the tax; and that on the other hand if the other firm does its business through the banks, the money will be in the banks and will pay its tax to the Government. I repeat, Sir, the bill is one which is easily justified, and I agree with the Finance Minister that it will go through in spite of the objection of certain interests to it.

HON. MR. COAKER.—Mr. Speaker, I wish to offer a few remarks on the measure now before the Chair, and in doing so I wish to congratulate the Hon. Minister of Finance and the Hon. Minister of Justice on the eloquent and comprehensive speeches they have delivered on the matter. I was present in the Upper House during the debate on the Business Profits Bill and heard the speeches of three or four members; and although I had the idea that the measure was going to meet severe opposition I did not imagine that the members

of that House were going so far as to reject it. During my recent trip North I had occasion to notice the very marked disapproval of this action by my constituents; and if the Honourable gentlemen who so summarily dealt with that Bill were at the meetings I attended and heard the comments on their action, they would realise that the old feeling of antagonism which has lain dormant in the outports for the past 25 years has been aroused now like a tiger; and the only thing I want to say now is that the people themselves should have an opportunity of dealing with that matter themselves, face to face with the members of the Upper House. There is not the slightest doubt that if the position which has arisen should be readjusted at the polls that the 36 members who support this Bill would be returned with overwhelming majorities. Those who opposed the measure can get their newspapers and their hirelings to set up a defence for them, but they will sooner or later realise that the people are with this Chamber at the back of the National Government on this matter and determined to see it carried out. There are three million dollars in the pockets of the men on Water St. that do not belong to them but should belong to the fishermen of the country. That money represents excess profits that should not have been taken out of the pockets of the people. The sum of \$5,000,000 has been expended by this country in carrying on our share of this war; and the men who have made that \$3,000,000 in excess profits during the past two years are the men who now refuse to assist the country in this time of need. I know a firm on Water St. who last year made \$300,000 net profit; and I also know a firm on Water Street that last year paid its foreman \$5,000 in addition to his

salary as commission on sales. In the Upper House to-day there is a gentleman who represents that firm, and the same people must have made \$150,000 on pork, beef and flour, over and above their expenses. Where is the money to come from? There is no tonnage to bring imports to the Country and the revenue is falling low. The country is faced with this expenditure of \$5,000,000 and the men who have the money say, "We will turn the country upside down before we will consider paying a tax of 20% on the dollar." These men should be arrested and put in the penitentiary; taken there for treason. They are a disgrace to the country. They dare to stand up in the Upper House and dispute the right of this Chamber to pass this Legislation at such a time! Where is the money to come from if the men who have it refuse to part with it? We did not propose to tax them for 1915 and 1916; we have allowed them to go free for that period; we are only taking a part of the profits they made. They say tax the fishermen! Oh, yes; cless legislation! But they would put a tax on fish, herring and oil; impose a tax on the poor man who is doing his best to keep the country going—the man who has contributed to their fortunes and is keeping them in their grandeur. Where did they get their money? They got it from the people they traded with. Whom did they trade with? The fishermen of the country. And if they are able to pay profits to the Government now, it is because they were allowed to trade with the people of the country. If they had not traded with the people they would not have had profits to tax; but because they have been allowed to trade with them and make profits it is proper that they should now when the time has arisen pay some of these profits back to the country. Dr. Lloyd said that

one passing through our streets would never think that our Empire was waging a great war and that more money is being spent on pleasure than ever before. Everyone knows that. Hundreds of our boys have gone forward and given their lives that the men who now refuse them this assistance may be protected. If every cent they have, if every inch of ground they own, were taken from them, they still have their lives and their intelligence and their experience with which to start over again. But what about the men in Belgium and France who had millions before the war, but because of it are to-day left penniless and with no possibility of retrieving their fortunes; with their boys dead or prisoners, and their daughters and younger sons taken into captivity. What have these men suffered? Dollars and cents do not cover such things as these. We ought to take these fellows and send them to the Front and give them a taste of their own medicine. Have conscription, they say. Yes! send forward some poor man's son, some widow's son to the front, and let them remain home! If these men had been noble men, had been grand men, they would have stood up and said "we are ready to pay." "We believe you are discriminating, but we pass it by because we love our Empire, our boys, and our country, and we will allow nothing to come between our duty and ourselves." But no such thing happened. They contended that it was narrow-mindedness on our part, and stated that the Bill went through without any discussion down here. Why we discussed this hours after hours. It was discussed more than ever it would have been had there been a strong Opposition in this House and it was brought before it ordinarily. Do they imagine that we bring measures of this kind before the country and ask

the country to accept them without giving them due consideration? Is all the wisdom centred in the members of the Uupper House. We know what we are doing. We have got to go back to the people and answer for what we have done; and we are prepared to do so. What did they do? Stand up and criticise it without justification. The Government has been abused and villified over this measure. It is a pity that the writers of some of the articles did not compose homilies on the men who were entrusted with trust funds. They are going to seek the assistance of the British Government! The British Government dare not interfere with this Chamber whose members have been chosen by the people to represent them and speak for them: and this applies all the more particularly where a money bill is concerned.

**HON. MR. CROSBIE.**—Mr. Speaker, I feel that it would ill become me to remain in my place and not say a few words in relation to this matter. I congratulate my friend, the Hon. Minister of Finance upon the way in which he has explained the Bill and the merchants objections to it. I also congratulate my learned friend, the Hon. Attorney General, upon his able remarks in relations to the constitutional position, and Mr. Coaker upon the eloquent way in which he has dealt with the matter from the standpoint of the fishermen. Before the Bill passes through this Chamber there are a few observations which I would like to make. Before the Government decided to tax the mercantile community of this country, they gave the matter very grave and serious consideration—a great deal more consideration than was given it by the gentlemen of the Upper House who threw it out. These gentlemen really did not appreciate what the Government did in order to formulate a Bill

which would bear somewhat evenly and not harshly upon the merchants of the country. The Government fully realized the difficulties in the way of taxing the commercial life of the colony; they appreciated the difficult business which our merchants had to do at different periods of the year. Now, during a visit which I made to the Upper House last week I heard the Hon. Mr. Harvey deliver a very good prepared speech on this Bill; but when you took the speech and analysed it carefully you could not resist coming to the conclusion that the main issue with him was not the 6 per cent. which the Government refused to allow upon profits, but the fact that he was going to be taxed and he did not want to pay it. I was astounded, I may say, to see him so ably backed up in that position by Sir Edgar Bowring, because I have always regarded Sir Edgar Bowring as being one who was very liberal when it came to a question of public contributions; we can only suppose that the gentlemen who opposed this Bill in the Upper House did so because they had not given it the serious consideration which it should have received. Now, Mr. Chairman, my position is similar to that of Mr. Harvey and Mr. Bowring. I am one of those who, I hope, will have to pay taxes, and it will be one of the greatest pleasures of my life if I have to pass to the Receiver General of this colony at the end of next February a cheque for \$20,000, as my proportionate share. After all, I am allowed to have my living expenses, I am allowed to make every reasonable charge against my business, and I am allowed \$3,000 clear profit; and then, the Government asks me for \$1.00 out of every \$5.00 that I make over and above that to assist in carrying on the war.

And yet they tell us Mr. Chairman, that this is class legislation, I think,

that as my learned friend has said, it is time to have these gentlemen put in their proper places. I am willing, if necessary, to vote in this House tomorrow for conscription, but I will never vote for conscription of men until conscription of wealth is already the law of the land. There has never been so much money made in this country as in the last few years. Take 1913 and compare the profits for that year with those of 1914. Make the same comparison for 1915. You will find that profits were doubled, and the same thing applies to 1916 and will I believe apply to this year also. The Government in framing this bill, might have made it retroactive, so that it would apply to those years as well as the present year, and if they had done so, I for one, would have been quite satisfied. I have no son to send to take his place in the defence of the Empire. I am not so fortunate in that way as some, but what I can do I will do cheerfully and willingly to assist in carrying on this war in the defence of the greatest Empire ever known. I am willing to give my money, and I think these gentlemen should be willing to give theirs also; and I believe that if they had the opportunity back again they would not take the stand that they took last week. Tax the exports! Tax the fish! A fine idea for Mr. George Knowling, Mr. John Anderson and Mr. Milley, so that they would have to pay nothing, and the burden would fall on the fisherman and the workman. Whilst I was in the Upper House I watched Mr. Jas. Ryan. While the discussion was going on he was sleeping, but the minute the word "profits" was mentioned he was wide awake.

My friend, Mr. Cashin, made reference to Black Monday, and I want to say to this House and to the country that it was a happy day for the country. At that time if a young man



wanted financial help in starting a business he had to go with his hat in his hand and beg for it, with the probability that it would be refused anyhow. How much better are conditions to-day, with the fine banking institutions that we have in the country! To-day a young fellow who wants to finance his business can go to one of these banks and get the money on his own standing. And what is the result? The country is better off, and the young business man has a chance to go ahead.

This Bill, Mr. Chairman, has my entire support. I believe that it is the best measure that could have been framed to meet the necessities that exist to-day. It is not a perfect measure, and there may be things in it that would need improvement at time goes on. There has never yet been a perfect bill brought into this House or any other, but I maintain that this bill is the best that can be done, and I support every paragraph of it; and I hope and trust that my part in it will be much greater than I anticipate, because if I have to pay \$20,000 to the Government under this measure I will have \$80,000 left for myself. The rich men of the country should have to pay the most in a war fund such as this. It is they who enjoy all the privileges, and they should be willing to pay their just proportion of the cost, and do their part on behalf of the brave soldiers and sailors who are enabling us to live here in safety.

Honorable J. R. Bennett tabled certain information.

Hon. the Speaker announced that the Legislative Council had passed the Cold Storage Bill with some amendments.

The Chairman from the Committee reported that they had considered the matter to them referred, had passed the Resolutions without amendment and recommended that a Bill be in-

troduced to give effect to the same.

On motion this Report was received and adopted and the Bill entitled "An Act to Levy a Tax on business Profits," was read a first time and by unanimous consent of the House was ordered to be read a second time presently.

Whereupon the Bill entitled "An Act to Levy a Tax on Business Profits," was read a second time and ordered to be referred to a Committee of the Whole House on to-morrow.

Pursuant to notice and leave granted and on motion of Rt. Hon. the Prime Minister, the Bill to make provision with respect to the Powers of the Legislative Council in relation to those of the House of Assembly, was introduced and read a first time and ordered to be read a second time on to-morrow.

Notice of Suspension of Rules was given and the House adjourned until Monday at 3 p.m.

It was moved and seconded that when the House rises it adjourn until Monday next, August 20th, at three of the clock in the afternoon.

The House then adjourned accordingly.

MONDAY, August 20th, 1917.

The House met at three of the clock in the afternoon pursuant to adjournment.

Pursuant to order and on motion of Hon. the Minister of Finance and Customs the House resolved itself into a Committee of the Whole to consider the Bill entitled, "An Act to Levy a Tax on Business Profits."

Mr. Speaker left the Chair.

Mr. Parsons took the Chair of Committee.

HON. MR. CLIFT.—Mr. Chairman: Before this measure passes I should like to make one or two observations. In the first place, Sir, I desire to express my regret that the Bill sent up

from this House in its last session, having reference to the subject matter of the measure now before us, did not find its way back to this Chamber. We have no official record of what happened to that Bill. All we know in this House is that that Bill was sent up and that it did not return. From the newspapers' reports of the debate that took place in the other Chamber, we learn that that Bill upon its second reading went to Committee with a very narrow majority, and that the Bill was subsequently committed to a Committee of the Whole, and that the Committee rose without making a report. I submit, Sir, it is unfortunate that at a time like this, when our Empire not only calls for but needs the united efforts of the whole community, that the two branches of this Legislature should be at variance over such an important matter. Those who are leaders and hold high places in the administration of this country's affairs should be ready to sacrifice a good deal in order to show a good example. This bill has been described as being unfair and unjust. It has also been claimed that the Bill does not go far enough, that it should reach those whose incomes are derived from investments or otherwise outside of business—as the word is defined in this Act. I think so far as it goes that the measure which we are now considering is very reasonable and equitable. I grant, however, that perhaps it is not as comprehensive in its terms as it might be. I think it might have gone further and taken in the incomes of those who are not engaged in business. I would even go so far as to say that it should apply to the professions, not excepting the lawyers. But this is the first time in the history of this country that taxation in the form now proposed by this measure has been put forward,

and it has been thought well to begin in the manner provided for in this Bill. When the machinery for the collection of the revenue intended to be collected under this Bill is under way and the collection is in motion, I think I may safely say it will be followed by a form of taxation which will cover those who now may have any grievance or cause of complaint on account of the fact that they may be overlooked in this measure. Men, money and munitions will be needed as long as the war lasts, and although we have made contributions under each of these headings, yet I fear we can hardly boast that we have measured up as fully as we should to the proper strength of our capabilities in any one of these respects. The manufacture of munitions in this Colony is but a very small matter—a drop in the bucket—but so far as it goes, I understand, it has been a very profitable venture. But it seems to me that so far as the men and the money are concerned, they can only be obtained by means of legislation.

It is a matter of some regret that the measure recently introduced by the Minister of Finance met with such disfavor in the place I have mentioned. The Bill, however, Sir, a bona fide effort on the part of those who introduced it, and notwithstanding the fact that certain newspapers have made some very uncomplimentary comments respecting this mode of taxation and the National Government, yet, I submit, Sir, that those who are opposed to this measure have not up to the present moment suggested any better means of providing a similar amount of income. We in this House of Assembly have sunk all our political differences. Some of us, both on this side of the House and on the other side, have made great sacrifices in that respect, but we all felt that the occasion called for some

united effort on our part, and with that object in view we agreed to the formation of a National Government upon lines of equality. This being so, Sir, I submit that it would have been reasonable for us to expect that the community would have been ready to help rather than hinder any efforts we are making on behalf of the colony for the purpose of playing our part in this great conflict. Results are what we are after in this Bill. Its object is to tax profits, and the object of the tax is to raise revenue, revenue that is needed by the colony in order to defray the just and lawful obligations which have been created by reason of our war work, as loyal citizens of the Empire. I regret very much the necessity of this special session, but the matter before us is of sufficient importance to justify our action in this respect. It is a matter of necessity that this money should be found, and therefore a matter of necessity that this special session should be called. And further, Sir, I submit that it was our duty as the Commons' House of Assembly of this colony, to maintain our rights and our privileges as members of this Chamber.

I have said, Sir, that this measure has been termed unfair and unjust. I have given the matter of the method of taxation which is proposed by this Bill a great deal of consideration, and I cannot find that there is anything either unfair or unjust about the measure. It is not a question of capital invested in business that we are considering. It is a question entirely of levying a tax upon profits, whether these profits have been derived from capital subscribed by shareholders in a company or by capital obtained by way of loan from a bank. It matters not how the capital is obtained. All this bill proposes is to tax the profits

derived from the capital. And the amount which we levy cannot be regarded as excessive. We first allow all ordinary charges against a business, we allow the living expenses or salaries of the managers, and we allow a further sum of \$3,000; and after making these allowances we ask for 20 per cent. of the profits made—one dollar out of every five. An hon. member speaking in this House a few days ago. said that he hoped he would be called upon to contribute at least \$20,000 towards this tax, because if he were it would mean that he would be able to put \$80,000 in his own pocket. Now, I have taken the trouble to make a comparison to show the difference between a company carrying on business with its own capital and a company carrying on business with its own capital and on business partly with its own and partly with borrowed capital, because it has been contended that a company carrying on business with its own capital should first of all be allowed to deduct from its profits 6 per cent. interest upon its capital. Now, that method may suit persons who are engaged in business, but it would not have the desired result. We would not be able to obtain the required revenue if the taxation were fixed upon that basis. I will show, you, Sir, how it works out. Take a company having a capital of \$1,000,000, upon which it earns we will say, 10 per cent., and upon which we allow 6 per cent. interest. That would show an earning power of \$100,000, and the interest would be \$60,000, which would leave a profit of \$40,000. From that profit of \$40,000, deduct 25 per cent. which was the amount proposed to be deducted if the interest were allowed, which would mean \$10,000 and leave a profit of \$30,000. In other words, that company would earn \$60,000 for

interest and \$30,000 as the net profits, or 9 per cent. upon its capital. Now, take the same company, with the same capital, doing the same amount of business, and making the same profit of \$100,000, and deduct the 20 per cent. which it is proposed to deduct under this Bill, you get an actual net profit of \$80,000, or 8 per cent. Take another company, a company having a capital of half a million dollars, and which borrows another half a million for the purpose of carrying on its business. I am assuming, of course, that the borrowing is for the whole year, and I am assuming, too, that the capital is fully paid up in both companies. This company, then borrows half a million for a whole year, which puts both companies on the same basis of a million capital. The second company has to pay 6 per cent on its capital, which is \$30,000, and a like amount on the sum borrowed, namely \$30,000, which would leave a profit of \$40,000, less 10 per cent. for the tax, or \$30,000 net profit. Now then, \$30,000 profit, added to the 6 per cent. allowed upon capital, means a total of \$60,000 profit, or 12 per cent. on its capital. Take the same company with the capital of half a million, and borrowing half a million, the result would be the same so far as the interest is concerned, but deducting the \$30,000 that is paid to the bank for interest on the money borrowed, leaves a profit of \$70,000. The tax in that case would be \$14,000, and the total profit would be \$56,000, a sum equal to 11 per cent. on the capital. So you see, the company trading upon its own capital makes in one case 9 per cent. and in another case, where 20 per cent. is deducted, 8 per cent., whilst the company borrowing half a million in addition to its capital of half a million, makes 12 per cent. where they allow interest upon the capital and 11

per cent. where no interest is allowed and the tax of 20 per cent. is imposed. Now at first sight it might appear, and does appear, that the company trading upon its own capital, fully paid up, is not in as good a position as the company that borrows capital. Well that is so, but Sir, it is only reasonable to suppose that if the half million company by borrowing another half million can make 12 per cent. and 11 per cent., the company with one million can, by borrowing another million bring out the same results. So there is really nothing unfair or unjust in not allowing interest upon the capital. This failure to allow interest on the capital is the strongest argument that I have heard used against this measure. Other minor arguments have been used, but the main argument was that there should be an allowance for capital. I submit, Mr. Chairman, that there should be no such allowance at all. The company that has to borrow its capital, as I have shown, is really in a better position, and so far as I know, no company trades only upon its own capital. Every company trades, not only upon its own capital, but upon borrowed capital as well. If a company were using only its own capital, then it might be said that this company was over-capitalized. Any company carrying on a large business must of necessity, at times, borrow from the banks or from shareholders or some other parties, and if it is trading only upon its own capital, and not borrowing at all, then I say that such a company is over-capitalized, and the sooner it takes steps to reduce the capital, the sooner will it be able to declare the dividends similar to those declared by the second company I have mentioned. For these reasons then, Mr. Chairman, and others, I feel that the measure now before the House is a very equitable and just measure, and I shall

give it my entire support.

MR. HICKMAN,—Mr. Chairman: Before the Profits Tax Bill passes its final stage I would like to say a few words. First, I must congratulate the Prime Minister on bringing in such an excellent bill, and on having such great regard for the business community by not taxing the profits for the past three years. There is no doubt that large profits have been made since the beginning of the war by people in business. This bill taxes only a portion of the net profits—the net profits, or the savings of the business after everything has been allowed for the conduct of the business, such as salaries and all other expenses. The balance is net profit or savings, and out of this, according to the bill, the Government asks one dollar out of five for the upkeep of the war and the maintenance of the dependents of those killed at the front and for the maintenance of those who return maimed for life. This bill was rejected from the Upper House for different reasons. The same reason was not given by all who voted against it. The reason given by several of the honorable gentlemen was that it was unfair and unjust, because 6 per cent. was not allowed on the capital invested in a business. Now if you will note the names of those who took exception to the bill on this ground, you will find that in every case they are managers of, or are connected with, large concerns who have a large amount of money invested in business and that they are looking only to their own personal interests. Nothing could be more unfair than to allow 6 per cent. on capital. The honorable member for Twillingate has explained why there should be no allowance of 6 per cent. for capital, and as this is the reason given by many gentlemen in the other House for not voting

for the bill, I have made a comparison which might help to explain the matter to those who have not had time, or have not taken the trouble to figure it out. Take two businesses here on Water Street—one concern going along in the usual way and established a long while, not a limited liability company, but probably owned by one individual, and the manager drawing his living expenses out of the business and probably putting what money he makes back into the business. The Government brings in a bill to tax profits, and in this bill 6 per cent. interest is allowed on capital. Now this concern, in valuing its assets, and having due regard all the time to the 6 per cent. allowance on the capital will value all the goods on the shelves and everything else, at the highest possible figure, and whereas its assets according to their own estimation might be a million dollars, they might not have half that in realizable assets. They make say \$75,000 profit on their business for the year after taking out all expenses. When then you leave them \$60,000 clear, which is not taxed at all, and the 20 per cent. tax on the remaining \$15,000 is \$3,000. Now take the other side. A man comes in here with \$50,000 cash and settles down to do business, and by his energy, enterprise and hard work he turns over his capital twenty times, and with the accommodation he gets from the bank he is enabled to make the same profit of \$75,000 which the other concern made. You make this man pay \$14,400 in taxes, after allowing him 6 per cent. on his capital, which is \$3,000. Now this man, through his energy and attention to his business has built it for himself, and should be encouraged, yet under this provision you would have him contribute \$14,400, and only take \$3,000 from the other man who had assets of a

million. This million dollar man is protected by the sailors in the North Sea and the soldiers at the Front, and you ask him to pay for that protection only \$3,000, while you would make the man who had turned over his capital twenty times pay \$14,400.

Now, nothing to my mind would be more unfair than that. The only way 6 per cent. could be allowed on capita the way business is conducted in this country, is by putting an income tax which would take from those individuals who own the business and get this \$60,000 clear. This, to my mind, Mr. Speaker, is the only reasonable way this 6 per cent. could be included in this Bill. In listening to the speeches from honourable gentlemen of the Upper House one would be led to believe that because certain businesses have a capital of \$500,000 or \$1,000,000, they do not have to borrow from the Banks. Those men who have \$500,000 capital have it tied up in vessels and coal traps and debts and bills receivable, and have to go to the Bank and get more capital and pay more interest to the Bank than the smaller man, and yet they would lead you to believe that they do not borrow from the Banks. They sometimes look for more than the Bank will give them. I am glad, Mr. Speaker, to be able to contribute to a war measure of this kind. It will not interfere in any way with my business or my business methods. We are asked to contribute one dollar out of five and I think that very reasonable and the more I have to contribute, the more I have for myself. Now the patriotism we saw exhibited in the Legislative Council is to my mind sham patriotism. Any man who claims himself to be a patriot should not squeal when you take a little from his savings account, and the same patriotism prevailed

in the British Isles the German flag would be flying over this House today, and our population would be outraged by the Germans like the people of Belgium and Serbia.

**HON. MINISTER MILITIA.**—Mr. Chairman: I would like to add one or two words to what has already been said with reference to this Bill, and in rising to do so I desire to say that I give it my hearty support. When the Minister of Finance brought in his Budget he estimated that we would get \$250,000 from a profit tax which is the Profits Tax in the Bill which we have under discussion this evening. Since that announcement the Legislature of Newfoundland, both Upper and Lower Houses have made history, and I am sure that the action of this branch of the Legislature will go down in history as one that upheld to the utmost the rights and liberties of the people. When we passed the Bill in its present form at the last session it was contemplated that opposition would be met with during its passage through the Upper House, but I do not think that it was ever thought that it would ultimately receive the treatment and fate that it did at the closing of the House at the last session. Personally, I regret that honourable members of the Legislative Council, in their wisdom, saw fit to take the position they did in reference to this tax, because I do not think that there is anything in their contentions that would justify their action in the least degree. I had the opportunity of hearing part of the debate that took place while that Bill was before the Committee and the more I heard on the subject of that Bill as it was debated in the Upper House, the more convinced I was that the Bill was a good and proper one, because there was no argument proposed that in any way took from

it its fair and proper character. One would ask the question first of all, "Why are we imposing this tax? For what purpose are we raising the money that this tax will bring? What is the necessity of increasing the Revenue by \$250,000 a year under this special tax?" The answer, Mr. Chairman, is that Newfoundland, like all other parts of the British Empire, is at war over in France, and in Scotland and in other parts of the Empire a large number of men—the young men who have gone abroad to fight the battles of Newfoundland against German aggression, and whilst these men are in foreign lands, protecting us and our families and our property, surely they are deserving of at least an ordinary day's wage. Surely they are deserving of the consideration that they would get in the ordinary walks of life. They are added to the Public Service and the Public Service has to pay those men for their services and the way the Public Service has always been maintained in this country and in other countries on the face of the globe is through the taxation of its people.

Under the present circumstances, the Minister of Finance looked around to see where there was a desirable place to get this money to pay these men, not alone to pay the men a salary but to pay their wives and children of those who were sacrificing their lives on behalf of us, and give the dependents of those men who were not in a position to give them sufficient to maintain their children and their wives and dependents while they were away, to clothe the orphan children. That, I submit, Mr. Chairman, is why that tax is imposed and it is only right that those who are making large profits out of the people of this country and who are enjoying great advantages and who have been in the enjoyment of these ad-

vantages surely those who make the greatest profits should be the ones to pay taxation to pay the men who are protecting us. They say that they do not object to taxation but only object to the method. They say you have discriminated against one class in favour of another, that you do not put one business man in the same position as his competitor in trade. Well, my answer is that we know from evidence that has been given in other directions that large profits have been made the last two or three years which profits have been brought about through conditions arising out of the war, and that those profits have been made by men who are strong in opposing this Bill. Many of the men who are opposing this Bill have made fabulous sums of money since the outbreak of hostilities and they have not been called upon to subscribe one dollar and they have not subscribed one dollar to pay the men who are sacrificing their lives. They talk of discrimination. Yes, let us have discrimination and I will defend discrimination if necessary to carry on the great work we are carrying on. Up to the present when not one dollar has been taken from the pockets of those who have made large sums of money. Not one dollar have they been asked to subscribe to pay the wives and children of those who have laid down their lives and to-day we come in and ask for a paltry one-fifth of what they made this present year, 20 per cent. of their profits for the present year. We do not mention what has happened the last two or three years. All that money that has been made and salted down they can keep, but because we ask these gentlemen that for every \$100 taken out of their business at the end of the present year that they should pay \$20—the balance they can shove down in their long

pockets with the rest that they have put there the last couple of years—they talk of discrimination. One can hardly conceive a big business man who look forward to the end of the year to taking off a Balance Sheet which will show \$50,000 or \$100,000 net profit, objecting to being asked to pay one dollar out of every five, the balance he can keep for himself. Under the Bill he can keep out of his business his ordinary expenses for himself and family and all the expenses incurred in his business and charge up every reasonable charge, and after deducting all these he has only got to pay one dollar in every five. "Discrimination" is a word which should never have been used by men who are making money. If there is a million dollars made by the business men on Water Street at the end of the present year, they will be asked to hand back \$200,000, and if you glance your eye over the men on Water St. who are likely to contribute to this tax, you can see how very few of them will put down in their long pockets \$800,000 made out of the business of this country.

I say, again, Mr. Chairman, that it is regrettable that those men in the Upper Chamber did not give more consideration to their action. Many of them have acted in the past in a most liberal manner and have done a great deal of good work in connection with the Patriotic movement and in connection with Patriotic work in this country.

Mr. Speaker resumed the Chair.

The Chairman from the Committee reported that they had considered the matter to them referred and had passed the Bill without amendment.

On motion this Report was received and adopted and by unanimous consent of the House it was ordered that the Bill entitled "An Act to Levy a

Tax on Business Profits," be read a third time presently.

Whereupon the Bill entitled "An Act to Levy a Tax on Business Profits," was read a third time and passed and it was ordered that it be engrossed being entitled as above and that it be sent to the Legislative Council with a message requesting the concurrence of that body in its provisions.

Pursuant to order and on motion of Right Hon. the Prime Minister the Bill entitled "An Act to make provision with respect to the Powers of the Legislative Council in relation to those of the House of Assembly," was read a second time.

**RT. HON. PREMIER.**—The Bill I propose for the consideration of the House, is one rendered necessary by the action of the Legislative Council, in throwing out, in the last session of the Legislature, a Bill designed for the purpose of levying a tax on Business Profits.

The operative section of that Bill reads:

"There shall be paid to His Majesty by the person owning any business, to which this Act applies, a Tax of 20% of the nett profits in excess of the sum of \$3,000 earned by such business during each of the accounting periods hereinafter mentioned; that is the First Day of January 1917 and the First Day of January 1918."

The Businesses to which this Act were to apply were: all Trades and Business, including the Business of Transportation of any description, carried on or partly carried on in Newfoundland.

I have already given my opinion on the action of those who are responsible for the defeat of that measure and, after mature thought and consideration I see no reason to deviate one iota from the conclusions then arrived at and I desire to emphasize all that I then said in relation to



that transaction. I have not been able to read the full official debates on the action of the Legislative Council, which took place in relation to the Bill, though I have read the summary published by the press as well as the articles that have appeared regarding the same, and the more I have studied the question, the more I am convinced that there is nothing whatever to justify the grounds set forth for the rejection of the Bill.

The principal argument was that the Bill discriminated; in other words, that its provisions were not alike to all, and affected differently people in similar trades and occupations. There is nothing whatever in this argument.

The first proposition I desire to lay down is, that there was no discrimination in the Bill rejected by the Council, in the sense in which it was claimed by two members of that chamber. In a country like this, the area of taxation is naturally of a limited character, as nine-tenths of the people, ninety out of every hundred, are producers, fishermen, laborers and mechanics, and care has to be had not to overburden those who represent the mainspring of our whole economic system. The rest are non-essential, the class that get between the consumer and the producer, and in framing this measure, and in introducing it, we had to very carefully consider the question of what class or classes could best bear the burden of further special taxation, because it is an axiom of taxation that the burden should fall on those in the community best able to bear it. The class of people that will be most affected by this Bill is the well-to-do class, those who are making large fortunes out of the business of the country, who have been and still are in partnership with the labor of the country, and are in a better position to pay that tax than their

less fortunate partner, the producer; and it is only just and fair that a portion of their profits should be appropriated to the benefit of the State.

It has been my privilege during the thirty-two years I have been in public life, to take part from time to time in the framing of tariffs for this country, and during these years I have seen flour, pork, beef, butter, molasses, sugar, salt, kerosene oil, tea salt, lines, and twines, placed on the free list; concurrently with this, wines, spirits, cigars, silks and satins, jewellery, motor cars and other luxuries have been placed in a tariff as high as one hundred per cent and more but no one for a moment questioned the propriety of the principle involved, because it was recognized that those who had the money should pay for their luxuries. I never heard it proclaimed that such a policy was discrimination. The man who has the means and capital to carry on this business is not in the same position as the man who has to go to the bank for accommodation and borrow money to carry on his enterprise. To hamper such a struggling man would be to destroy that healthy competition which is necessary to protect the public from the evils of monopoly. This principle now called for the first time discrimination has found a place in the taxation of England, the "Mother of Parliaments," since the earliest introduction of the Income Tax.

In pre war days no man who was not in receipt of a certain income or wage paid any taxation at all, and the Income Tax of so much in the Pound only applied to the well-to-do classes that were earning a certain salary or possessed a certain income and in proportion to their income so did they pay. That is the very meaning of the words "Income Tax." The poor were entirely excluded

and went untaxed. The middle man, the labouring man and others on low salaries, or who had low incomes, paid nothing. They were entirely excluded from its provisions, and that in a country where it must be remembered that everything up to recent times was duty free—where clothes and food and other necessaries of life are free of duty—where by reason of this free entry of food and necessaries, the manufactures were cheap and the poor man received the benefit of the low prices. In addition, he was free from taxation. This is what is now termed "discrimination" by the members of the Legislative Council.

But there is a larger and more important principle at stake, which, in itself, must be sufficient to justify the principle involved in this proposed taxation even if it stood alone, and there was no other argument in its favor, and that is that those who have wealth in the community at stake should pay the largest proportion of the taxation. What class in the Empire would suffer most to-day if Germany won? Or to bring it nearer home, if this country were invaded to-morrow, and if property and goods were confiscated and destroyed; if the towns were shelled and trade paralyzed, who are the persons who would suffer most? Are they not the well-to-do, the property owners, those who have the largest stake in the country, and derive large incomes therefrom; and not the poor man who has nothing to lose under the circumstances? In view of this, therefore, the question is narrowed down to the fact that the money sought to be collected under this Bill is nothing more or less than an Insurance Premium on property, the payment of which has to be made by the owners of the property. This money that we are seeking to obtain is for the purpose of providing sol-

diers and paying their wives and mothers and children while they are away,—defraying the cost of our participation in the war; in other words, protecting the lives and property of the well-to-do and those who are unable to serve. We are effecting insurance for them, and it is only fair that they should pay the premium.

There are some who think we have not gone far enough, and who are of the opinion that this measure should be retrospective, and should go back and tax the profits made by our business men during the past three years. This matter has been under consideration, and was very carefully gone into, not alone this year, but during the last three years; but the Government felt that just as long as the colony as a whole could safely bear its cost of the war, it might not be well to burden the trade by imposing or levying any additional special tax. But now that we are called upon to raise more money for the cost of the war, we can no longer withstand the pressure of the pleas of justification to inaugurate this tax. It is a tax that can hurt no one, because if there are no profits there will be no contribution made. If there are profits then there should be a contribution. A man who has a profit of \$10 over \$3,000 will be called upon to pay \$2. The man who makes \$100 over \$3,000 will be called upon to pay \$20, while a firm that earns \$100,000 will be called upon for \$20,000. Nothing could be more equitable or more fair.

Another argument put forward by those who oppose this measure is that they did not object to the taxation; that is, that they would be prepared to pay more taxation than this Bill will call upon them to contribute, but object to the manner and form in which the bill is drafted. Well, if they are serious in that contention,

we shall have no objection to receiving that contribution from them, if, on ascertaining their profits, under this bill they discover that there is still more money, other than the act calls upon them to pay—which, in their opinion, ought go to the Revenue.

And now for the last argument of the members of the Council against this Business Profits Bill, the silliest argument of all and one which only requires to be mentioned to carry on its own face its refutation. The Council proposed that instead of a tax on profits, we should place a tax on fish. This would simply mean that the fishermen of the country, already overtaxed, would have to pay any sum which might be collected under such a tariff. In other words, if fish is worth \$10 a quintal at the present time, and the Government place an export tax of fifty cents a quintal thereon, the price of fish would immediately decline by that amount or any amount which might be fixed as a tax. The same would be true of a tax on oil or any other of our fishery products. It is argued by some such a tax would be paid by the foreign consumer, not so. When the article has reached its present price in the foreign market adding any tax would be certain to be paid on this end. Of course, in offering this suggestion, the whole aim and object of the bill was conveniently winked out of sight. The idea of the bill is to tax profits, and not to tax the producers of the country, and if we are wrong in our assumption that large profits are being made, then we cannot expect any contribution. Over and over again this has been clearly and plainly pointed out.

It was such a measure as this then that the Legislative Council undertook to throw out, and the bill which I now propose for the consideration of the

House is a bill almost a verbatim copy of the English Act, which was introduced into the Imperial Parliament by a Liberal Administration only a few years ago to deal with almost the same issue with which we are now confronted in this country. The issue which has been raised by the Legislative Council in throwing out the Taxation of Profits Bill is one that strikes at the very root of our Constitution, and the time has arrived when it must be settled once and for all whether the Council has the power to interfere with Money Bills.

In England this question has long since been decided, but the action of the Lords rendered it necessary to place on the Statute Book in black and white what was for years regulated by usage as sound constitutional law.

The Act which we are now called since been decided, but the action provision with respect to the relative powers of the Legislative Council and the House of Assembly. The Bill consists really of two sections, number one and number two. The other sections deal merely with the machinery of the bill, and you will notice the section which provides that the Act shall not come into operation until it is proclaimed by His Excellency the Governor.

Section 1 says:—

“If a Money Bill, having been passed by the House of Assembly, and sent to the Legislative Council at least 1 month before the end of the session, is not passed by the Legislative Council without amendment within one month after it is sent to that House, the Bill shall, unless the House of Assembly direct to the contrary, be presented to the Governor and become an Act of the Legislature on the assent of the Governor being signified, notwithstanding that the Legislative Council have not con-

“sented to the Bill”

Section 2 provides:—

“If any Public Bill (other than a  
“a Money Bill) is passed by the  
“House of Assembly in three suc-  
“cessive sessions (whether of the  
“same General Assembly or not),  
“and, having been sent up to the  
“Legislative Council at least one  
“month before the end of the ses-  
“sion, is rejected by the Legisla-  
“tive Council in each of those ses-  
“sions, that Bill shall, on its rejec-  
“tion for the third time by the Leg-  
“islative Council, unless the House  
“of Assembly direct to the contrary,  
“be presented to the Governor, and  
“become an Act of the Legislature  
“of the Colony on the Assent of the  
“the Governor being signified there-  
“to, notwithstanding that the  
“Legislative Council have not  
“consented to the Bill: pro-  
“vided that this provision shall  
“not take effect unless two years  
“have elapsed between the date of  
“the second reading in the first of  
“those sessions of the Bill in the  
“House of Assembly and the date  
“on which it passes the House of  
“Assembly in the third of those  
“sessions.”

“The effect of both these sections is simply this, that all Money Bills sent up by the House of Assembly one month before the end of the session, become law, whether or not they are passed by the Upper Chamber. All Public Bills other than Money Bills, if passed in three successive sessions, become law, though they may be rejected by the Legislative Council.

This is at present, and has been for some years, the law in England, (upon which our Constitution is framed) and is the outcome of years of struggle between the two Branches of the Imperial Parliament in the fight for supremacy by the branch representing the people. It has always been contended by the House of Commons that all aids and supplies are the sole gift of the Commons, and that it is the undoubted and sole right of the Commons to direct, limit

and appoint in such bills the ends and purposes of such grants, and such ought not be changed by the House of Lords. This is the verbatim language of the resolutions from time to time passed by the House of Commons.

After the action of the Legislative Council in throwing out the Taxation of Profits Bill, no other course is left open to those who are sent here as the representatives of the people, and who alone have the right to say who are to be taxed and the nature of that taxation. Any other course would be a violation of our trust and would meet (as it very properly should) with condign punishment from the people. There have been times, even in my own experience, when useful measures have been sent from this Chamber to the Upper House and have been mutilated, and, in many cases, done to death, only to be passed by the same Chamber when reintroduced and sent back the following session. There have been times when the very bitterest feelings have existed between the two Chambers, but, for the most part, these occurrences were unimportant and did not strike at the root of the great constitutional principles involved in the present struggle. But now that the principles of the exclusive rights of this Chamber to determine the form of taxation of this country are questioned, no other remedy is left but the one which is now proposed.

The great Commoner, Pitt, years ago, laid down the principle that taxes are a voluntary grant, the gift of the Commons alone, and the concurrence of the Peers, and the Crown is only necessary to clothe it with the form of law. In the case of the Paper Duties Bill in 1860, the House of Lords refused its assent to the repeal of the tax. The Commoners, in the words of Asquith, “Took swift and

summary vengeance," and in the following year they passed the Bill. From that date to the throwing out of the Budget, which led to the present Legislation, the supreme right of the Commons was never questioned.

The argument has been used that this Bill was railroaded through—that time was not given the Legislative Council to consider it—that it was introduced in the last hours of the Session under suspended rules. All these charges I deny. All the time necessary could have been had, and was tendered. It was well known that the Bill was being introduced, and had been printed, and had been debated in the Lower House, discussed in the Press and in public places. It had been the law of Canada, (with slight variation) for nearly three years, and legislation almost of a similar character had been in force in England. But even if all these charges were true, I still take the broad position that this Chamber is under no obligation whatever to submit Money Bills to the Upper House at any particular time of the session, or to extend any time for their consideration. They are merely sent up pro forma, merely for their formal assent and not to be considered, nor even debated.

In 1786 when Pitt introduced a Bill to apportion a quarter of a million pounds a year to be taken off the National Debt, and when the Bill was sent to the House of Lords, the Peers complained that they had no information regarding it. Pitt indignantly refused to give the Lords the slightest information. He said "You have nothing to do with it"; and he moved a resolution in the terms that the House of Lords should have no information on the subject. The same course has ever been followed by this House in dealing with the Legislative Council. The practice has never been

to permit them to invade the prerogatives of this House by amending money bills. All attempts have received a reminder that they had no power to do so. This is not a question of law, but of usage, and it will be found that all the usage and custom is on our own side. I have always been a believer in the utility of a Second Chamber. It is a safety valve, a wise drag on the wheel of the Lower House, and, in all efforts to amend it I have taken the view that great care and every precaution should be exercised in effecting any radical change. But this argument does not apply to money bills.

Judging from the summary of the debates it is evident that I and my colleagues have incurred the displeasure of some of the gentlemen comprising the party who have thrown out this Bill. I welcome that displeasure. No man in public life in this colony ever faithfully served the people and was friendly with the class who now strike at the vitals of the Constitution. There is a wide gulf between Labor and Capital, and be ours the willing task whilst protecting the one, to see that the other is in no way unfairly treated. In the production of wealth, especially in the hazardous callings in which our people in Newfoundland are engaged, there is nothing more or less than a partnership, with Capital on one side and Labor on the other. Both are necessary, and the Newfoundland House of Commons would be only one in name if it created burdens for the people, impossible to bear, whilst at the same time allowing the other partner to go scott free.

In closing these remarks I cannot do better than quote the concluding words of Mr. Asquith, England's great Commoner in introducing a similar

bill in the House of Commons a few years ago.

“The House of Lords has deliberately chosen its ground; they have opened up a wider and more far-reaching issue. We have not provoked the challenge, but we welcome it. We believe that the first principles of Representative Government as embodied in our slow and ordered but ever broadening constitutional development are at stake, and Sir, we ask the House of Commons in this Resolution to-day, as at the earliest possible moment we shall ask the constituencies of the country, to declare that the organ and voice of the free people is to be found in the elected representatives of the Nation.”

**HON. MINISTER OF JUSTICE:—**

(Mr. Lloyd,) Mr. Speaker, I wish to make a few observations on this Bill. I do not propose to say much as I have already spoken on the other Bill in such a way that my remarks made them apply equally to the Bill under consideration, but I would like to direct the attention of the House to a dispute that arose some forty years ago, between the two Houses of Parliament of Victoria, Australia, that may throw some light on this matter.

At that time an Appropriation Bill had been passed by the Lower Chamber of Victoria and rejected by the Legislative Council. Now the Parliament of Victoria was and is in a somewhat different position from our own Parliament so far as the working of the Constitution is concerned. With us we have really no written Constitution except in so far as we have provided by our own legislative measures or in so far as has been given us by Charter and therefore our Constitution is very like that of Great Britain. It is a matter mainly or very largely of usages and conventions and understandings and

not a matter of written Statute Law; but in Victoria they have a written Constitution and that written Constitution defines the relation of the two Chambers and defines it especially in reference to money bills and it is to that definition that I wish to draw attention. I wish, particularly, to draw attention to the 56th section of the Constitution Act of Victoria which provides that “All Bills for appropriating any part of the Revenue of Victoria and for imposing any duty, rate, tax, rent, return or impost shall originate in the Assembly” and now I wish you to notice these words “and may be rejected but not altered by the Legislative Council.” Now, I wish particularly to draw your attention to that part of the written Constitution of Victoria. It is laid down in clear terms that the Legislative Council may reject an Appropriation or Revenue Bill. Now, the difference between that Legislative body and our own is that we have no provision by statute or otherwise laying down or giving the right by statute to the Legislative Council to reject a Supply Bill or a Revenue Bill, but in spite of the fact that the Victorian Constitution gave in words the right of rejection, the House of Assembly of Victoria disputed the right of the Council to practice such a rejection. See what a strong case the Legislative Council had. Despite the right, as laid down by the words of the Constitution, the House of Assembly of Victoria disputed their right under the usages and practices to do what was laid down clearly by statute. Now, I want to quote to you when this dispute was referred to the Secretary of State for the Colonies the words he used in connection with it. He said, in his despatch sent from Downing Street on May 3, 1879—the Colonial Secretary of that day was a remarkable man, Sir Michael Hicks-Beech, but a Con-

servative and a strong Tory leader and yet these are the words of the strong Tory leader of 1879 and in spite of the fact that he was dealing with a Constitution which gave the Upper Chamber the right to reject a money Bill—(Quote.)

Now, listen to these words (Quote) the Tory Secretary of State for the Colonies laid down in spite of their having the right of rejection "it is their duty to refrain from using it."

This matter has been disputed here and we are attempting to define the position exactly as in the case of the British Parliament some six years ago by legislation. This Tory Secretary of State in the same despatch laid it down that the Imperial Government did not wish to interfere between the two Houses or with Colonial matters or local concern but if the Legislative Council did not accept the understanding, then the House of Assembly could put in a Bill and if it were carried and the people approved of it, then the Imperial Government would be prepared to sanction it and alter the Constitution by Imperial Act of Parliament. That was nearly forty years ago. I give this illustration because I think it is one of the strongest illustrations I have come across. We are travelling no further than we have a perfect right to travel and where others have travelled and where especially the British House of Commons has travelled in passing this Bill and taking on itself by the passage of this Bill to see that the supremacy of this Chamber in matters of finance should be brought into effect the very session they are introduced,, retaining supremacy in other matters we give length of consideration for some two years to the Upper Chamber but after that the Lower Chamber maintains its position and insists on its supremacy. I do not think that it is necessary for me to say more than I have said, but

I thought that as this was one of the best illustrations I have come across, it might help us in considering this Bill.

By unanimous consent of the House the Bill was ordered to be referred to a Committee of the Whole House presently.

Whereupon the House resolved itself into a Committee of the Whole to consider the Bill entitled "An Act to make Provision with Respect to the Powers of the Legislative Council in relation to those of the House of Assembly."

Mr. Speaker left the Chair.

Mr. Parsons took the Chair of Committee.

Mr. Speaker resumed the Chair.

The Chairman from the Committee reported that they had considered the matter to them referred and had passed the Bill without amendment.

On motion this Report was received and adopted and by unanimous consent of the House it was ordered that the Bill entitled "An Act to Make Provision with Respect to the Powers of the Legislative Council in Relation to those of the House of Assembly," be read a third time presently.

Whereupon the Bill entitled "An Act to make provision with Respect to the Powers of the Legislative Council in Relation to those of the House of Assembly," was read a third time and passed and it was ordered that it be engrossed being entitled as above, and that it be sent to the Legislative Council with a message requesting the concurrence of that Body in its provisions.

It was moved and seconded that when the House rises it adjourn until tomorrow at half past three of the clock in the afternoon.

The House then adjourned accordingly.

Tuesday, August 21st, 1917.

The House met at three of the clock in the afternoon pursuant to adjournment.

Mr. Speaker informed the House that His Excellency had received the Address of Thanks and had been pleased to reply thereto as follows:

Government House,

St. John's Nfld.

Mr. Speaker and Gentlemen of the Honourable House of Assembly:

I thank you for Your Address in Reply to the Speech with which your present Session was opened.

W.E. DAVIDSON,  
Governor.

Mr. Speaker informed the House that he had received a Message from the Legislative Council acquainting the House of Assembly that they had passed the Bill sent up entitled "An Act to make provision with respect to the Powers of the Legislative Council in Relation to those of the House of Assembly," without amendment.

Mr. Speaker informed the House that he had received a Message from the Legislative Council acquainting the House of Assembly that they had passed the Bill sent up entitled "An Act to Levy a Tax on Business Profits," with a verbal amendment in which they request the concurrence of the House of Assembly.

On motion of Hon. the Minister of Finance and Customs the said verbal amendment was read a first and second time and passed and it was ordered that a Message be sent to the Legislative Council that the House of Assembly had concurred in the said verbal amendment without amendment.

At three of the clock the Gentleman Usher of the Black Rod appeared at the Bar of the House with a Message from His Excellency the Governor

commanding the attendance of the House in the Council Chamber.

Accordingly Mr. Speaker and the House attended His Excellency in the Council Chamber.

Mr. Speaker at the Bar of the Council Chamber addressed His Excellency as follows:

May It Please Your Excellency:

In the name of the House of Assembly I present the following Bills for Your Excellency's assent:

"An Act to Levy a Tax on Business Profits."

"An Act to make provision with respect to the Powers of the Legislative Council in Relation to those of the House of Assembly."

His Excellency was then pleased to make the following speech to both Branches of the Legislature:

Mr. President and Honourable Gentlemen of the Legislative Council:

Mr. Speaker and Gentlemen of the Honourable House of Assembly:

I thank you for the promptness with which you have disposed of the business submitted to you at this special Session.

Mr. Speaker and Gentlemen of the Honourable House of Assembly:

The additional financial provision made by you for the needs of the Public Service will assist my Ministers in meeting the demands on the Exchequer occasioned by the Colony's participation in the war, and will be employed with judgment and economy.

Mr. President and Honourable Gentlemen of the Legislative Council:

Mr. President and Gentlemen of the Honourable House of Assembly:

In relieving you from this second attendance within so short a period I trust that Providence may bless your individual concerns, and those of the Country as a whole, with a generous measure of prosperity.



After which the Honourable the President of the Legislative Council by command of His Excellency the Governor said:

Gentlemen:—It is His Excellency's will and pleasure that this General

Assembly be prorogued until Thursday the Twentieth day of September, next, then and here to be holden, and this General Assembly stands prorogued accordingly.

OF THE  
LEGISLATIVE COUNCIL  
DURING THE  
FIFTH SESSION  
OF THE  
Twenty-Third General Assembly  
OF  
NEWFOUNDLAND  
1917

# Proceedings OF THE LEGISLATIVE COUNCIL OF NEWFOUNDLAND

## SPECIAL SESSION.

THURSDAY August 16th, 1917.

At 3 o'clock His Excellency the Governor, accompanied by his suite arrived at the Council Chamber, and in the following address opened the special session of the Legislature to deal with the situation created by the refusal of the Legislative Council to pass the Profits Tax Bill.

Mr. President and Honourable Gentlemen of the Legislative Council:

Mr. Speaker and Gentlemen of the Honourable House of Assembly:

I have called you together in this special session in order that proposals may be submitted to you, which will remove the possibility of the recurrence of the difference of opinion between the two branches of the Legislature, which arose at your last meeting. Proposals will be laid before you to define the relations between your two Houses, in order to secure the undivided authority of the House of Assembly over financial matters.

Mr. Speaker and Gentlemen of the Honourable House of Assembly:

In order to provide additional Revenue for the war requirements of the Colony, you will be invited to consider a measure for the importation of a tax on business profits,

Mr. President and Honourable Gentlemen of the Legislative Council:

Mr. Speaker and Gentlemen of the Honourable House of Assembly:

I trust, that in the consideration of these important measures, Divine wisdom may influence you to results advantageous to the Colony and its people.

Following His Excellency's withdrawal, a motion for an Address in Reply was moved by Hon. S. D. Blandford, and seconded by Hon. W. J. Ellis.

HON. MR. BLANDFORD — Mr. President, I rise for the purpose of moving the appointment of a Select Committee to draft a reply to the speech of His Excellency the Governor in opening this session of the Legislature this afternoon; but before dealing with the motion, if I may be permitted, I will offer a word of congratulation to an hon. member of this Chamber, one of the most honored and respected of those whose privilege it is to occupy seats here. I refer to my respected, esteemed and venerable friend, Hon. Dr. Skelton, who but quite recently

passed his 90th birthday. I can assure you, Mr. President, that it was a privilege and pleasure for me to be a listener to the very pleasing speech which you, Sir, made when presenting to the hon. gentleman this afternoon the little gift that marked this auspicious event in his long and honored life, and to share in the kindly sentiments entertained for him by his confreres in this Chamber. May the hands of the clock still steadily move in the same direction as they have moved for him during the past 90 years, exemplifying a life in which peace and harmony has reigned supreme, and a career at once of helpful service to his fellows and of benefit to the State. Though a young member of this Assembly I can refer to the Doctor as the friend who saved my life perhaps 40 years ago, and there is the further tie of acquaintanceship in the knowledge that he succeeded my uncle, the late Dr. Edgar, of Greenspond, with whom he was associated. Ninety years is quite a long time and it is a pleasure to be able to congratulate my venerable friend upon his attaining such a remarkable age, and we trust he will be spared to become the centenarian of Newfoundland.

It is my duty to move for the appointment of a Select Committee to draft the Address in Reply, which deals with issues with which we are familiar. I remember well the last session of this House when I listened with attention to the arguments that were advanced in favor of as well as against the Business Profits Tax. It was a matter that gave room for a lot of thought and made it incumbent upon each representative in this Chamber to think out for himself his duty in the matter. I don't for a moment blame those who voted against the measure from conscientious motives and would be the last

to attribute to them any special or selfish aims. I believe they were actuated by the worthiest of sentiments, and that what was done was believed to be purely for the welfare of the Colony and its interests. We all agree that it is absolutely necessary for a Bill of this nature to be put in force so that we can hold a good position amongst the great commonwealths that compose the British Empire. All the Colonies of the Empire have done their best, perhaps has done more than it was entitled to do. It is up to us as a country and people in my opinion, to follow on in the grand procession and not fall behind. Be we merchants, farmers, middle class or of any other category, we must retain our present excellent position through the means which Providence has placed in our hands. As a people and a colony, we knew nothing of militarism or of its responsibility. We never had it within our precincts. But our part in this great war has been a splendid one, and I do not hesitate in asserting that we have done more according to our means and population than any other part of the Empire, Britain excepted. What we did was done in in cold blood, without the pomp and panoply of warlike hosts to enthuse our manhood or fire the martial ardor of our youth. The sons of the rich, the poor and middle class people flocked to the colours, rushed to the defence of the flag, vowed to uphold the glorious heritage of Europe, and they have done "better than the best." These were the great words heard of them from the British Commander-in-Chief in France. I believe sincerely that like our soldiers, our men of commerce will be equally true and faithful to do "better than the best." They have the money to contribute and I have no doubt will gladly give it. The difficulty in connection with the Profit's Tax is

only a little misunderstanding. We must look beyond all such considerations. It is for us to maintain our men in the field, to sustain those that come back from the fray disabled, to look after the dependents of the dead heroes, and we should not quibble over small technicalities. I am not in favour of class legislation and were I to give my vote to-day I would give it for the mercantile community, with whom I have been associated all my life. Water Street, in my opinion, is the upkeep, the life, the artery that holds the commercial life blood of Newfoundland. "Down with the merchants," was one time the cry. "Up with the merchants" would be my slogan, as I believe there is no greater philanthropist than the merchant on Water Street. But if he gets profits in abundance as the result of conditions induced by the war and made since 1914, he should contribute liberally of them. There are no classes of merchants from the Pacific Coast to Nova Scotia who would do the same business as my friends, Hons. Sir E. R. Bowring and John Harvey, to take upon themselves the risk that they take without collateral, mortgage or assignment. Our merchants take risks from day to day and year to year, and whether fish is \$5 or \$25, it makes no difference to them. But recently we read the speech of Chancellor Michaelis, in which the submarine was referred to as the instrument to starve Great Britain. Premier Lloyd George says in reply, they cannot do so; but they can if all Britain acts as this Chamber. I have the greatest respect for the opinions of the men who voted against this Act, but let them, I say, use their means to beat the Germans. In this matter to come before us the Government should be trusted by the Mercantile Community and we should put the measure through by an unanimous vote. Let us fight for the

cause of the British Empire as we have been doing since 1914, and not bespatter that name given our Regiment by General Haig. Let us be "better than the best" in our willingness to contribute of our resources for the benefit of our Country, our Empire and our Soldiers and Sailors, remembering the tax will not last long and the honour of doing our bit in the crisis will reflect upon us as individuals and as a country worthy of the highest British traditions. I have much pleasure in moving for the appointment of the Select Committee to draft the Address in Reply.

**HON. MR. ELLIS**—Mr. President, I rise to second the motion, so well presented to you and the House, by my honorable friend opposite. I regret exceedingly, that it has become necessary for this session to be called, and particularly, I regret the unfortunate deadlock between the two Houses, which has brought it about; but, holding the views I do in regard to the Business Profit Bill, which was rejected here last week, and which I expressed on the second reading, I deem it proper to say, that I endorse entirely the views set out in the Speech from the Throne, which we have just heard, and the principles on which these views are based. In these days, when the principles of democracy are spreading far and wide, we must recognize, more and more, the claims of the people, through their elected representatives, to direct and control the legislation of the country; and in a House like this, not directly responsible to the electorate, we should, I think be more careful to refrain from any step, which might even seem to put us in conflict with the popular will. Especially is this obligation imposed upon us, and may be regarded as one in which we have a pecuniary interest. I do not mean to suggest for one moment, that the

gentlemen who gave expression to their views, against the Business Profits Tax Bill last week, were influenced in their action by any consideration of a personal character, but I think that they, on the other hand, will be the last to dispute that a very widespread impression has been created in this country to the contrary effect. In other words, I think it must be admitted that the rejection of this Bill has created an impression throughout this country that the personal aspect of this measure weighed more with some honorable gentlemen here than the public needs, and while I accept the declaration of the honorable gentlemen who gave their reasons here, why they voted against the Bill, I think that nothing short of a speedy and unanimous passage of this measure, which is now to be presented to us again, will disabuse the public mind of that impression, and restore once again the relations of mutual respect and confidence, which have prevailed between the different sections of this country, for some years past. I can quite believe that some of my hearers may not agree with this, and may be disposed to continue the struggle against this measure, but, if there be any such, I would earnestly appeal to them to sink their personal feelings for the common good. A prolongation of this parliamentary warfare can have but one result, which is, to inflame the feelings of the public further against this House and to widen the breach between capital and labor, between the classes and the masses in this country—which it should be the aim and object of all good men and true to bridge over. For these reasons, Mr. President, I heartily second the motion before the Chair.

**HON. MR. HARVEY.**—I wish to say a word in regard to the Speech from the throne. I speak for myself, and perhaps for some other hon. gen-

tleman who think as I do. Nobody in this House wants to dispute the taxing right of the Lower House; we challenged no constitutional principles and no taxing act has ever been held up. The cause of the recent deadlock, as is well known, was not due to any constitutional difference of opinion or view between the two Houses, or to any constitutional assumption by this House of powers which they ought not to have assumed. The Lower House sent up a bill under which in one or two respects, and in one particularly, they requested the members of this House to join in legislation which they were only too anxious to put through, but which in one small respect was based on injustice. It is on a question of right and wrong, and I think it a pity that our Government, a government which stands in an unique position, a government which can do what it likes, without political opposition or criticism, cannot be magnanimous enough in the strong position in which it stands to consider the strong arguments put up, which a large number of members of the government, in my opinion, recognize as just. I only rise to say that this House, as at present constructed, did not challenge the bill as a taxing measure. When it comes to a question of right and wrong, and no constitutional question is involved, we cannot be expected to vote for a bill which is based in one of its main principles on an injustice.

Hon. President appointed the following as a Committee to draft an address in reply to the speech from the Throne: Hons. Blandford, Ellis, Milley, Anderson and Power.

Hon. Colonial Secretary gave notice of Suspension of the 33rd Rule and all other rules in regard to all matters now before the House or to come before the House during the session, and observed, that in giving

said notice he desired to make it absolutely clear that there was no desire to curtail debate in any way, but that it was thought necessary so that at this season of the year the House might not be called to meet from day to day for merely formal motions.

On motion of Hon. Colonial Secretary the House then adjourned until Monday next at 4.30 p.m.

MONDAY, August 20th, 1917.

The House met at 4.30 p.m., pursuant to adjournment

On motion of Hon. Mr. Squires, it was ordered that the 33rd Rule of the House and all other rules in connection with matters now before the House or to come before the House, be suspended for the remainder of the session.

Hon. Mr. Bandford presented the Address in Reply to the Speech from the Throne, which was thereupon read a first and second time and passed, and ordered to be presented to His Excellency the Governor by a Committee of the whole House.

Hon. President announced the receipt of a message from the House of Assembly that they had passed the accompanying Bill entitled, "An Act to Provide for a Tax on Business Profits," in which they requested the concurrence of the Council.

On motion of Hon. Colonial Secretary the said bill was then read a first and second time.

**HON. COLONIAL SECRETARY.—**  
In moving that this bill be now read a second time, I feel that it is not necessary for me to delay the House by any lengthy observations. This measure is a verbatim reprint of the bill passed in the House of Assembly at its recent session, submitted to this Chamber and rejected in committee. I regret very much that the honorable members of this Chamber who on that occasion vigorously op-

posed the passage of this measure, have not taken their seats in the House. Not only the principle of this bill, but also its details are already fully known to every member of this Chamber. A few weeks ago they were the subject of some debate in the House of Assembly and under the circumstances I feel I would be trespassing upon your patience by any lengthy remarks. When at the last session I addressed the House upon this measure I appealed to the members to give this bill a unanimous passage, for while I admit that this is the first time such legislation has been attempted in this country, and that in that sense it is an experimental measure and cannot possibly be argued to be the elaborate and perfect measure which from years of experience and knowledge gained in practical working out it will undoubtedly become, yet the bill is one which I am sure commends itself to every person who is prepared to lay aside the consideration of mere matters of detailed administration which must be arranged at a later date, and is prepared to establish the principle that the reasonable taxation of profits as a subscription to war funds is both an essential and desirable step to be taken at the present crisis. I am quite confident that the Honorable the Minister of Finance, under whose charge this bill places the working out of this taxation scheme will see to it that such a method of working out the Act will be devised as to provide on the one hand the complete investigation and examination necessary for a fair adjustment of taxation and on the other the strict secrecy which is essential in handling important business matters of this class. Without further observation I move that the bill be now read a second time.

HON. MR. McNAMARA—Mr. President, I would like to say a word or two about the Profits Tax Bill new before the chair. After giving this Bill a good deal of consideration I am firmly convinced that the Bill is not as unjust or obnoxious as many of its opponents are inclined to believe. Let us analyze this Bill and see how it works out. The Government are obliged to raise a war fund to pay the expenses of our fighting forces and in order to do this the Finance Minister purposes exacting a tax of 20% on net business profits. Before determining this tax, the sum of \$3,000 is allowed to go tax free. In addition to this, all the incidental expenses connected with running the business is also tax free. After these liberal allowances are made 20% is taken off the net profits, or in other words \$1.00 is asked for every \$5.00 made, \$2.00 is asked for every \$10.00, and so on in proportion to the volume of profits. This in a nutshell is all it amounts to. I do not think this tax is unfair or unreasonable, and feel that the amount should be paid freely and without hesitation. It must be admitted from the very start that excessive profits are made as a direct result of war conditions, consequently it is only reasonable that a proportion at least of these profits should be contributed to war purposes. This seems absolutely clear. It has been suggested here that an export tax be put on our fishery exports. I am positively opposed to such a tax. Our fishery is our staple industry and should be looked upon as something sacred and should not be taxed or hampered in any way. Why should we in a fishing country tax our fisheries when European countries such as Norway and France are encouraging this enterprise by giving their fishermen large bounties to prosecute this industry. Admitting for argument's sake that we taxed our codfish ex-

ports alone 25c. per qtl., this would mean on this year's estimated catch of one and a half million quintals the sum of \$375,000. What would happen if this tax went into effect? I will tell you, that 25c. per quintal would be taken off the price of fish and the fishermen would be called upon to pay it and our merchants and prosperous business concerns who could better afford to meet this tax would escape the obligation. I do not think any member of this House would like to see our fishermen taxed, and the only conclusion I can arrive at is this—that this suggestion was made without any thought or consideration, or without taking the obviously serious results into account. A good deal has been said about class legislation. Why, all legislation is class legislation more or less. Supposing we pass a lumbering bill, the lumbermen would call it class legislation as far as they were concerned. Supposing we pass a seal fishery bill, our sealers would call it class legislation as far as they were concerned, and so on with other bills. I make bold to say, Mr. President, that it is practically impossible to pass any bill that will not affect somebody or that will be universally popular. As an illustration of this fact I would point to the Daylight Bill that was introduced by our hon. friend, Mr. Anderson. This bill has been a boon and a blessing to the public, and still everybody is not in favor of it. Lloyd George told us two years ago that silver bullets would win this war, and are we as Britain's Oldest Colony going to hold back our share of these silver bullets, or are we only going to give them when they are taken from us by force? We have played a glorious part in this struggle up to the present, and Newfoundland has contributed some of its best blood to the cause of the Empire, and why should we hesitate now to

contribute at least a portion of our money for the further financing of our share in this titanic struggle? I have contributed, Mr. President, in a modest way to the different war funds since the opening of hostilities, and I take a pardonable pride in referring to the fact that I have also contributed my eldest son to the senior service of the King, and I know and feel that this boy to-day is doing his part to uphold the traditions of the flag that "for a thousand years has braved the battle and the breeze." We are talking about class legislation — unfair contributions. Look around our streets to-day and what will you see? You will find returned soldiers, some of them with one leg, others with one arm, still others helpless cripples, and I say, what contribution can the wealthiest man in Newfoundland give to equal the contribution or sacrifice given by these returned heroes to the Empire? We are singing patriotic songs; our bands are playing patriotic airs; we stand up and uncover our heads when "God Save the King" is announced, but, as soon as our pockets are touched, we forget our patriotism, and by quibbling and raising objections try to evade the duty we owe the Empire in its darkest hour. This is no time for empty patriotism—deeds and dollars count to-day. Penuriouness must be left in the background and money found to finance our share in this war to a successful conclusion. To show you that I am consistent and sincere in this matter, I am prepared to put patriotism before self-interest and vote for this measure, even though I am voting to penalize my pockets and tax my own business. On account of this bill being a war measure and on account of being only a temporary one, I will accord it my undivided support.

HON. MR. MEWS.—Mr President;

I am sensible of the act that the new appointments to the Legislative Council will meet with some criticism from some quarters. I should like to say at once that personally I come here with an absolutely clear conscience. If the appointment comes to me because of any qualification I possess as being in favor of this bill, I am quite content of its being so, and I am glad I have the opportunity in assisting legislation that should have been enacted two or three years ago. My advocacy of this bill does not date from this summer; for the past two or three years I have advocated it in the press and through speaking. Taxation, as we know it in this country, is not new. We know it to our cost. We are laboring under a form of taxation that is grossly unfair at the present time. The man with an income of five hundred dollars pays practically the same as the man with an income of \$5,000. I refer to the taxation of our imports. The people have had to pay these taxes because the State says it needs the money, and people have had to pay them whether they liked it or not, but taxation of profits is very new, and perhaps it is the newness that has brought forth the opposition. In the principle of the measure, I am glad to find all members of the Council are in agreement. It is class legislation without a doubt but it is taxation of a class that so far has escaped very much the burdens and worries of taxation. They have felt it scarcely any. It is true the importers and business men of Water Street pay to the Finance Minister nearly all our duties but it is unfortunately also true that these duties are collected from the people in a form which not only allows the actual duty to be collected but a profit on that duty and the profit is considerably more than six per cent per annum. This bill is, to my idea, the



first attempt to even up matters. We heard from the Minister of Justice in the Assembly the other day that probably a measure of wider scope would be introduced before long, a bill under which all would be asked to contribute. I think it the duty of this House to pass this measure under the circumstances of the revenue and taking into consideration that this House does not have the opportunity of making amendments. It should appeal to the honest member of this House to throw aside all personal considerations and all other motives of a selfish character, and in this spirit I think the bill should have passed this House unanimously.

The Bill was then read a second time, and on motion of Hon. Colonial Secretary, the House went into Committee of the whole thereon, Hon. Dr. Skelton taking the chair of Committee.

The Chairman of the Committee reported that they had passed the bill with some amendments, whereupon it was read a third time and ordered to be sent to the House of Assembly with a message to that effect.

On motion of the Hon. Colonial Secretary, the Bill entitled "The Legislature Act, 1917" was then read a first and second time.

**HON. COLONIAL SECRETARY.—** In moving that this bill, which when passed will be known as "The Legislature Act of 1917," be read a second time. I would point out that it is one worthy of careful consideration and full debate at the hands of this Chamber. Brief it is, but it nevertheless touches the prerogatives of this House and is an amendment of our constitution. The vital sections of the Act are numbers one and two. No. 1 provides in substance that every money bill which has been passed by the House of Assembly and sent up to the Legislative Council not

less than one month before the end of the session and has not been passed by the Legislative Council without amendment within one month after it has been sent up to this Council, shall in spite of the fact that it has not passed this House without amendment, be presented to the Governor and become an Act of the Legislature on the assent of the Governor being signified. A Money Bill is defined in the section as meaning a public bill which contains only provisions dealing mainly with taxation, the audit of accounts of public moneys, the guaranteeing of any loan, and other matters as fully set forth in the sub-section:

It is a recognized principle that this Chamber may not initiate a money bill, nor may it modify or amend a money bill. It has the power, however, to reject it in toto. The practical effect of this section is to destroy that power of rejection.

The second section includes within its scope all public bills other than money bills, and provides that where any such bill is passed in the House of Assembly in three successive sessions and, having been sent up to the Legislative Council a month at least before the end of their session, is rejected by the Council in each of these sessions, the bill shall on its rejection for the third time by the Legislative Council, be presented to the Governor and become an Act of the Legislature on the assent of the Governor being signified thereto, notwithstanding the fact that the Legislative Council has three times rejected the bill.

The other sections of the Act provide the necessary details in connection with the working out of the intention set forth in these two main sections. The sections themselves contain a provision that the House

of Assembly may in its pleasure order that the bills be not sent up to the Governor for assent after rejection by the Council, but that is a detail which does not affect the Act so far as its practical effect on the powers of this Chamber is concerned.

This bill has received a unanimous passage at the hands of the House of Assembly, and I submit this Bill to the Council on second reading with the recommendation that, after full debate and careful consideration, and under the circumstances, it receive a like unanimous passage at our hands.

The bill was then read a second time and the House went into Committee of the whole on the bill, Hon. Dr. Skelton in the Chair.

The Chairman reported that they had passed the bill without amendment.

The report was received and the bill read a third time, and sent to the House of Assembly with a message that the bill had passed without amendment.

Hon President, announced that His Excellency the Governor has been pleased to receive the Address in Reply and had delivered a speech thanking the Council for their Address.

The clerk then read the commissions appointing Hons. F. McNamara, S. K. Bell, Tasker K. Cook and A. W. Mews as members of the Council.

**HON. COLONIAL SECRETARY.—** I desire to take this moment in which to extend hearty congratulations to the four gentlemen who since the last session of the Legislature have been appointed by His Excellency the Governor to fill the vacancies which for some time existed in the membership of this Council. Mr. McNamara has an intimate knowledge of the general trade and business of the

Colony. Engaged as he has been with such marked success for many years in mercantile activities, I feel that he will bring to the consideration of the various matters which come before this Council for debate and decision a knowledge of our commercial interests which will make him a valuable addition to the Chamber. Mr. Cook is in his own line, that of shipping, an expert. Dependent as Newfoundland is so much upon foreign trade and such a large portion of our legislation naturally referring to matters appertaining to the sea, I am sure that his acquaintance with the carrying trade of the North Atlantic, our fish markets and trade conditions generally in Newfoundland and in the countries with which Newfoundland has such large fish dealings, will be a strengthening of this Chamber in a line of particular importance to Newfoundland's financial interests. Mr. Bell's life work in connection with shipping, and particularly his position as Surveyor of Shipping during recent years, will give his word the weight of authority upon matters appertaining to our local industry concerning which so many attempts have been made for its fostering and development. His many years of successful business enterprise in this Colony has given him a breadth of knowledge of Newfoundland's affairs, which, combined with his expert knowledge of shipping, will make his counsel of special importance and weight. Mr. Mews, who for some time has been a newspaper correspondent in support of the various business and other organizations controlled by the Hon. Mr. Coaker, and now editor of the official organ of the Fishermen's Protective Union, will I am sure, bring to the deliberation of this Chamber the ability as a writer and speaker which is to be expected of a young man who has attained the

editorial chair of one of the four or five leading newspapers in Newfoundland. His seat in this Chamber will give him the opportunity of advocating in a more formal and official manner the opinions on public and social matters, so freely and emphatically expressed from time to time in the columns of his newspaper, and I am quite sure his addition to this Chamber will be an important contribution to its debating power.

I feel that each of these four gentlemen, all having already earned for themselves a substantial measure of success in the particular activities to which they have devoted their life's effort, merit hearty congratulations on their having thus undertaken important and responsible positions in the Legislature of the Colony. Each one of them will, I am quite sure, prove to this Chamber and to the country at large by their independence of thought, and by their careful consideration of the important matters which will from time to time be submitted to this Chamber for its consideration that they are worthy of the honour conferred upon them by the King's Representative.

**HON. MR. MacNAMARA.**—I beg to thank the Hon. Mr. Squires for the kind words of welcome and shall endeavour while here to uphold the dignity of the House.

**HON. MR. COOK.**—I thank the hon. gentleman for his kind words, and trust that any services of any nature I can give to this Honorable House will be of benefit, as I shall be only too pleased to give them.

**HON. MR. BELL.**—I am very thankful for the remarks in reference to myself and I feel sure I will do my utmost to carry out my duties as a member of this House, and feel in matters that come before the House I shall do justice to them.

**HON. MR. MEWS.**—I thank the Hon. Mr. Squires for his reference to me.

**HON. COLONIAL SECRETARY.**—I desire to announce that His Excellency the Governor will prorogue this House to-morrow at four o'clock.

**HON. PRESIDENT.**—I would like to extend on behalf of those members who have not spoken the welcome of the other members of the House to the gentlemen who come newly amongst us to-day, and to whom we wish a long and useful career in this chamber.

The President read a message from the House of Assembly that they had passed the amendment sent down in and upon the bill sent up re Business Profits Tax, without amendment.

On motion of Hon. Col. Secretary, the House then adjourned until to-morrow at three o'clock.

TUESDAY, August 21st, 1917.

The House met at 2.30 p.m., pursuant to adjournment.

At 3 p.m. His Excellency the Governor arrived, and the members of the House of Assembly having been summoned to the Bar of the House, gave his formal consent to the "Profit Tax" Bill and the "Legislature Act 1917" Bill, after which the Session was prorogued.