

company were allowed to deduct that amount from that tax. It would be better for the government to pay the man his salary direct than to have this roundabout method of doing business. If the minister has not already checked up, it might be worth while doing so.

There is one other question which probably will come under this item, which I should like to ask the minister while I am on my feet. I will say that I have not investigated the matter personally, but it has been reported to me on very good authority that a large amount of sugar was shipped to Calgary and stored at one of the R.C.A.F. stations there, just a matter of a month or so ago, and that while it was stored in that place it was spoiled. I received a letter asking about this, and I replied that I did not know anything about it but that when the time came I would ask for information in regard to it. Has the minister any information on the matter?

Mr. ILSLEY: I shall make inquiries about the sugar. The hon. gentleman does not know who stored it or where it was stored?

Mr. REID: I suppose it was stored under the wartime prices and trade board in a warehouse in Calgary which is under the control of the R.C.A.F. If the minister would answer those two questions, I would appreciate it.

Mr. ILSLEY: Which two?

Mr. REID: The question in regard to salary and the other question in regard to sugar, if he has that information.

Mr. ILSLEY: I thought I had said everything that could be said in regard to the first matter. When the hon. gentleman talks about deducting these salaries from the tax he is not expressing the matter correctly; I do not think anyone would ever charge or say that. But if he says that the salary should not be allowed as a reduction from the income of the company lending the man to the government, he has an arguable point. However, if the board were confronted with the alternative of sending the man home, or not taking the man at all, or accepting his services without charge, I should think on the whole it would be in the public interest for the board to accept the loan of the man's services. Often that is done on a temporary basis, for a short time only. I can think of men who have been in the employ of the wartime prices and trade board, who were in receipt of large salaries and who kept partly in touch with their business and whose salaries I believe, though I have no personal knowledge, were regarded as expenses of the companies employing them throughout the period when they were working for the

wartime prices and trade board, just as they were both before and after that period. In such cases the taxes of the companies were affected indirectly to the extent of the salaries paid, but the men were working for the government rather than for the companies, though the government was paying them nothing.

Mr. JOHNSTON (Bow River): The companies were deducting these payments as expenses?

Mr. ILSLEY: That is right.

Mr. JOHNSTON (Bow River): So that in effect the government was paying to that extent.

Mr. ILSLEY: If the man had not been here at all the government would be paying him to the same extent in the same way.

Mr. JOHNSTON (Bow River): I had particular reference to an individual who was permanently employed by the board. I do not like to mention any names, but I could send the information to the minister so that he could get the information in regard to the individual concerned.

Mr. ILSLEY: What does the hon. member think we should do in a case of that kind?

Mr. JOHNSTON (Bow River): When the government is supposed to be getting a man on loan from a company for \$1, and the company, which is really paying this man's salary, deducts from its income or from the excess profits tax, I think that is entirely the wrong way to go about it.

Mr. ILSLEY: Then tell us what we should do about it.

Mr. JOHNSTON (Bow River): You should hire the man and pay him a decent, reasonable salary, though not necessarily what the company is paying him.

Mr. ILSLEY: But I do not think we could get the one of whom I am thinking. I have in mind one man whose salary was \$25,000 a year. He was an excellent executive. He worked for the wartime prices and trade board for some period; it may have been six, seven or eight months, during which he gave faithful and extremely efficient service.

Mr. JOHNSTON (Bow River): He does not work full-time?

Mr. ILSLEY: He was here fairly steadily for that limited period. I am just wondering what position we should have taken about him. If we had said, "You must resign your position with the company, or at least you must not take any pay from the company and you must come here," it would have been out of the question for us to pay him \$25,000.