

because if you win the government takes it and if you lose you take the rap". That is the difficulty today.

I am going to say something which I have said before, and no doubt will say again many times. We are entering a period when the world is beginning to adjust itself, and there is not going to be so much free money floating around. Canada is a great country, but she requires a great deal of capital for development purposes. Unless we give our men and women a fair chance in the investment field, we will not have the money for development purposes.

**Hon. Mr. Euler:** How are we to get money to meet the demands that we have undertaken with our eyes open?

**Hon. Mr. Haig:** We lost \$60 million in China, and I regret every night that I did not kick harder about that matter when I had a chance to do so. My friend from Waterloo (Hon. Mr. Euler) will agree that we lent many millions of dollars in China and got nothing in return.

**Hon. Mr. Euler:** And lots more besides.

**Hon. Mr. Haig:** As it is 6 o'clock I shall stop now and resume when the Senate reconvenes.

**Hon. Mr. Hugessen:** I suggest that the house reconvene at 8 o'clock to continue the business on the order paper.

At 6 o'clock the Senate took recess.

At eight o'clock the sitting was resumed.

**Hon. Mr. Haig:** Honourable members, at 6 o'clock I was speaking on the subject of income tax; and I have nearly finished. I have reviewed the question of depreciation as far as I want to go, because I believe that others who are to follow me will also deal with it. There is one point in this connection on which I am not clear, but I put so many questions to the proponent of the bill that I did not like to ask him any more. It has to do with provision for fire insurance. Let us assume that my house is worth for rental purposes \$10,000, that I insure it for that amount, and that it burns down at a time when the property has been depreciated to, say, \$5,000. What happens? Does the government require me to put up \$5,000 as income? As a result of the fire I have lost \$5,000. It may be said that in any event I would have lost it some day. I do not know. A depression might come along and I might be compelled to sell at the worst period of the slump. I hope that somebody will ask this question in committee tomorrow morning; and in saying this I am looking at the honourable member

for LaSalle (Hon. Mr. Moraud), and the honourable member for Toronto (Hon. Mr. Hayden).

The reason I have asked for a record of the proceedings tomorrow morning is this. Every member of the Senate is anxious that our income tax law shall be fairly and honestly administered. It is not my experience that there is much crookedness in connection with the observance of this law, but as a practising lawyer I have encountered a number of cases where difficulty has arisen because, after a man died, it appeared that he did not comply with the law because he did not know what the law was. I recall that when, in 1917, the first income tax bill was introduced, the then Minister of Finance was asked a lot of questions in the House of Commons—was, so to speak, put through a quiz—and the report, taken from *Hansard* of that day, was published and proved very helpful indeed. It was with that idea in mind that I proposed that tomorrow morning's proceedings should be reported. Questions can be asked about depreciation, which is a very important feature in this bill, and these questions, with the answers to them, can be used by the department, if so desired, as a memorandum or distribution. It will be very valuable.

Before proceeding further, there are one or two things I forgot to say which I should like to mention. Technically speaking, the first, I admit, is not germane to this bill, but practically it is connected with it. The Commissioner of Income Tax for the Manitoba Division has been promoted to Vancouver; the Vancouver Commissioner has been promoted to Toronto; and one of the higher officials in the Ottawa office, namely the man in charge of succession duties, has been assigned to Winnipeg. I have only met the Ottawa official; I know the Winnipeg man, Mr. Lowrey, much better. He has been very efficient, obliging and satisfactory, and I think it is the unanimous opinion of Winnipeg members of the profession to which I belong, as well as of the accountants and business people who have to deal with the department, that he has given very fine service as Commissioner, in the administration of the Act in the province of Manitoba.

Though some of my remarks may give the impression that I am mainly concerned with criticism, I wish to give the government credit for having recently increased to \$1,000 the exemption of a single person. I know that this change was announced last winter, and that it was used in the election during the summer. It is now coming into effect. I think it is a step in the right direction, although I am not sure whether under present conditions exemptions of \$1,000 for a single person and \$2,000 for a married couple are