

Mr. ILSLEY: I think the money spent on enforcement is well spent. If a substantial sum had not been spent on enforcement, I do not think the price ceiling would have been respected, and at the present time it is fairly generally respected. There are many ways of evading it. From December 1, 1941, to May 31, 1943, there have been 3,335 prosecutions, and ninety-four per cent have resulted in convictions.

Mr. HANSON (York-Sunbury): Most of the cases are, I suppose, not contested?

Mr. ILSLEY: I suppose a great many are not; I do not know about that. I was talking to a United States gentleman the other day about the price ceiling in Canada. He had come into contact with some business men here, and his experience with them was that when easy and obvious ways of evasion of the price ceiling were open, such as by changing the number of a certain grade of goods, these Canadian business men said, "We do not dare do that."

Mr. HANSON (York-Sunbury): Most people want to observe the law.

Mr. ILSLEY: Yes, and the ones that do not have a fairly wholesome respect, generally speaking, for the price control regulations, and that has been brought about by the faithfulness of the enforcement. That is the reason.

Mr. HANSON (York-Sunbury): Through fear of prosecution?

Mr. ILSLEY: Among a certain type of Canadians.

Mr. HANSON (York-Sunbury): One further question about these young lawyers. There are a great many young lawyers on the payroll of the board who work in connection with the local offices, but is it not true that when it comes to a prosecution a requisition is made to Ottawa and the Department of Justice appoints an agent to prosecute?

Mr. ILSLEY: That is right.

Mr. HANSON (York-Sunbury): That is a form of political patronage. What is the good of employing these young lawyers if they cannot do the job?

Mr. ILSLEY: They have a great deal of legal work to do besides appearing in court.

Mr. JOHNSTON (Bow River): In regard to these dollar-a-year men who have been lent to the board by different companies, the company paying them their salaries and the board paying them one dollar a year,

[Mr. Graydon.]

what check does the Department of Finance make to see whether the whole salary or any portion of it is not deducted from the company's excess profits tax?

Mr. ILSLEY: I think it ordinarily is treated by the company as an expense of carrying on its business—not if they are reimbursed, of course.

Mr. JOHNSTON (Bow River): But what check has the Department of Finance on whether the company deducts the whole of that salary or any portion of it from its excess profits tax?

Mr. ILSLEY: They do not deduct it from the tax at all. No one would deduct it from the tax. But they would likely charge it as an expense and deduct it from their income for taxation purposes.

Mr. JOHNSTON (Bow River): That is the way it is done?

Mr. ILSLEY: I think that is the situation.

Mr. JOHNSTON (Bow River): My information is that in some cases it is deducted from the company's excess profits tax.

Mr. ILSLEY: The hon. gentleman must have misunderstood what his informant told him.

Mr. JOHNSTON (Bow River): I am just asking for information, because I quite well recall an incident that came before the public accounts committee, where Mr. Martin got a quarter of a million dollars in connection with the cancellation of a contract, and it was definitely stated on several occasions that that quarter of a million was taken from the excess profits tax.

Mr. GIBSON: That was a repayment of capital.

Mr. JOHNSTON (Bow River): The statement had been made that no portion of that had been deducted from the excess profits tax until the inspector of income tax came before the committee and said definitely that that was the situation. I bring this matter to the attention of the Minister of Finance by way of caution, because I think there should be some guard against that kind of thing. I shall not name any company, but it is well known that many companies are lending men to the board and paying them their regular salaries; if they deduct that salary as an expense from their income tax, then indirectly the government is paying the man's salary, and it might just as well do it directly as ostensibly to be paying the man only a dollar a year. The government would be really paying the man for his services if the