

husband wrote off depreciation on houses that you have now sold. It all comes down to a question of values, and what you are going to invest your money in. This bill, in the final analysis, is a capital levy, and for that reason I think it ought to be opposed.

Why did the government, when the measure was before the other house, decide to drop fishermen and farmers from its purview? My honourable friend who explained the bill offered the excuse that persons in these classes could not understand its provisions. Let me tell him that I was in the gallery of the other house and heard the Minister of Finance say that he could not understand it either. I asked a member of that house to explain it to me, and he too did not understand it.

Hon. Mr. Nicol: Then you had better not give any advice on it.

Hon. Mr. Haig: That is what I am afraid of. I think that if a real fight were put up in the committee, and I am sorry that I am not going to be here tomorrow—

Hon. Mr. Burchill: Better cancel your reservation.

Hon. Mr. Haig: I do not think my vote would make much difference. The fact is that we will be back in session around the first of February, and after the government has had an opportunity to read the debates on the bill I predict that the minister and his advisers will want to take a second look at this part of the measure. It is all very well to say that the United States has a capital levy—

Hon. Mr. Davies: Fifty per cent.

Hon. Mr. Haig: —but they are sorry now that they have it. It is a lot of trouble to them. The British investigated every angle of it, and then decided against it. The problem under such a system arises from the fact that in good years the capital levy pays off, but in bad years it does not pay off at all. The very time the country needs the revenue there is nothing coming in, and when there is no need for money, capital levy pays off. The result is that the country is careless in the good years and hard up in the poor years. When the committee meets tomorrow I think it should try to persuade the minister to drop this clause from the bill for this year, and let the department further examine the proposal.

The remainder of the bill, as I read it, seems to be all right. I am undecided about this 33 per cent question, and some other features, but they are not serious.

When I read the sections dealing with depreciation. I could not understand them at all. I thought it was perhaps because I

was stupid or had had a bad night, so I went to another member of this house and asked him to read them over. He did so, and called me in the next morning and said, "There must be something wrong with my head, for I do not understand this bill." I met a high official from one of the departments at the recent Montreal-Calgary rugby game in Toronto, and I told him that I did not understand this depreciation business. He replied that it was easily interpreted. I pressed him to tell me what it meant. He said, in effect that it meant that a house or other building, or a machine or other equipment, could be sold above its depreciated value—that is if it was depreciated on or after January 1, 1949—but that the profit on the transaction was income in the year of the sale. I thought he explained it in as few words as possible, and I do not think much more could have been added. I told my friend that I was opposed to the idea, and I speak against it now with as much emphasis as I can.

Income tax in this country is a very heavy burden. Some people say that the man who makes the money should pay the tax. But there is another side to the story. With a few exceptions, the men who have higher incomes make greater contributions to business and to the country than others with less income. For instance, the head of a newspaper organization certainly contributes more to the country at large than the man who sets the type, for he makes the business possible. Also, the head of a large department store in Toronto, Montreal, Vancouver or Winnipeg surely contributes more to our country than does the boy who opens the front door in the morning. There are those who want to extend taxation to the stage where the government will take all the advantage of that ability away from the man who has it. Income tax does just that. We talk about freedom, but it only takes a burdensome income tax law to control a whole nation.

Why did the Minister of Finance remove from the bill the provisions as to preferred stock? He said—and I have no doubt it is true—that it was because of the difficulty of getting people to put their money into risk capital instead of government-guaranteed bonds. Why should any man or woman invest money in risk capital when, if it turns out well, the government may take from 50 per cent to 80 per cent in income tax. The income tax law smothers any incentive to invest in risk capital. If I were a broker or an accountant, and people asked my advice as to what to do with their money, I would say to them "Don't put it in anything that is risky,