

If you adopt that view, you are introducing a very dangerous principle and one which should not be allowed.

Mr. LEMIEUX: My hon. friend is making a distinction between say a professional man who goes into an occasional real estate deal and a man whose calling is real estate.

Sir THOMAS WHITE: A landlord who has a number of houses.

Mr. LEMIEUX: If a man who buys real estate and has to pay a large part of his income in municipal and other taxes, the amount which he so pays would be deducted from his income. That is what I gather from the remark of my hon. friend. But a professional man, say a lawyer, who has bought some real estate, even if the real estate is not a revenue producer, has to pay the taxes and he cannot deduct that from his income?

Sir THOMAS WHITE: I would say not.

Mr. LEMIEUX: If my hon. friend takes that view some individuals will be robbing themselves.

Sir THOMAS WHITE: I do not at all agree with my hon. friend. If a man is carrying unproductive property and is paying taxes upon it I do not know why he should assume that he is losing money by doing so. I think we must assume the contrary, namely, that the annual increment on the property is equal to the taxation which he is paying out. I think it would be a very unsound principle to lay down that a man should deduct from the income which he makes from his trade, profession, or calling, the amount which he may pay out in taxes upon property in which he is speculating.

Mr. COCKSHUTT: I do not wish to embarrass the minister in any way in coming to a conclusion. I can quite see that if the Minister's statement was followed out to its logical conclusion and finality a man might be paying on an income when he really did not have an income at all but rather an outgo. There are such men.

The minister must know, as I certainly know, that there are men who are known as property poor. Such a one may not be a speculator. Investment in real estate is considered to be a legitimate enterprise. If it is not I am sorry I am in the business. But, I have been the owner of real estate for many years believing that it was a sound investment and I have been in that

[Sir Thomas White.]

way trying to build up the community of which I am a part. The minister in reply to the hon. member (Mr. A. K. Maclean) said that if a man had an income of \$25,000 and \$5,000 of it was going to carry a dead horse in the West, or anywhere else,—not necessarily in the West because we have lots of them in the East—this \$5,000 should not be deducted. Well, reverse it. Suppose a man has an income of \$5,000 and he has \$25,000 to pay out, where is he going to be? He will be paying on the \$5,000 but he will be \$20,000 worse off than he was at the beginning. I know many men who would be very glad of the opportunity of unloading their real estate but who are carrying it and who are what is known as property poor. They have property that is unproductive and they are trying to meet the losses on that property out of the revenue derived from property that is productive. That has been the case in many towns and cities in Ontario. It is impossible for anybody in the renting business to build a house at the present high prices of labour and raw material and make a return of six per cent on his investment unless he is a remarkably capable man. It is the exception rather than the rule that a man has a six per cent return on his investment in real estate. I think the minister should take this into his serious consideration because there are many men who went into real estate not as a speculation but as a legitimate investment. All our trust companies are in real estate as a legitimate field of investment. If the principle which the minister has enunciated is carried out to its logical conclusion a man's income will go into one pocket and go out of the other twice as fast, until his capital is entirely consumed. A man with an income of \$5,000 or \$10,000 may have an outgo of \$15,000 or \$20,000. The minister should make an allowance for certain conditions, before the final balance is struck he should distinguish between productive real estate, and vacant and unproductive property.

In other words, the net results of his property operations for that year should be the amount he derived from his real estate. I cannot see it in any other way, and I am not saying this with a view to depreciating the amount that the minister should get, but simply to arrive at a basis whereby we may calculate what is just and fair and right to a man who has made his investment, believing it to be straightforward and honest.

Sir THOMAS WHITE: If we admit the principle that we must take into consider-