

Hon. Mr. McDONALD: But you brought it out.

Hon. Mr. HAIG: But why should I be able to invest \$100,000 in mortgages, get my \$6,000 income and pay only one tax on it, when if that same amount of money was put into a company it would be taxed twice?

Hon. Mr. BURCHILL: We have to be practical about it: The fact of the matter is that even with the additional taxation, you are getting more money out of the Hudson's Bay than you are from the mortgage on residences.

Hon. Mr. HAIG: No, I am not.

Hon. Mr. CRERAR: I would suggest, Senator Haig, that the inclination of the manufacturing company is to include taxes as an expense, and to adjust his price accordingly.

Hon. Mr. EULER: Added to the cost of the goods.

Hon. Mr. CRERAR: I think the study of corporations would show that until the past year or so they have pretty well maintained their net profits, even in the face of heavy taxation. However, that would not justify the taxation. In my opinion, they are coming to a point where they can no longer do that.

Hon. Mr. HAIG: Certainly they cannot; that is why I raised the point.

Mr. SHEILS: This question of increased cost of machinery and plant makes the problem even more difficult. We should be able to make provision for replacement.

The CHAIRMAN: Are there any further questions?

Hon. Mr. PIRIE: Following up Senator Haig's question: he says if he invests \$100,000 in a mortgage at 6 per cent it gives him a revenue of \$6,000 on which he pays \$2,000 in taxes.

Hon. Mr. HAIG: Provided my tax rate is 50 per cent.

Hon. Mr. PIRIE: Yes; that is an individual tax. If he invests \$100,000 in Smelters they pay the tax of 47 per cent.

Hon. Mr. HAIG: Plus two.

Hon. Mr. PIRIE: But they do not tax you on any capital gain, if you happen to own some of the stock.

Hon. Mr. HAIG: They do not give any credit if I make a loss, either.

Hon. Mr. PRATT: That is true, but you can select your investment. If they make a capital gain you do not pay any tax on it.

Hon. Mr. HAIG: The same thing applies all through, about capital gains. That is another thing altogether.

Hon. Mr. EULER: You are just arguing that double taxation is wrong.

Hon. Mr. HAIG: The tendency of every adviser on investment who has any chance of advisement is to get into things where there is not the double taxation, if he can. Look at bonds. There is no double taxation on the bonds of a company. A company can issue bonds—Aluminum are paying 5¼ per cent. There is taxation. If I buy any stock I pay double taxation.

Hon. Mr. CAMPBELL: They do not have trouble selling the stock.

Hon. Mr. HAIG: But I can buy that on the public market today to yield me 5½ per cent.

Hon. Mr. CRERAR: I think Mr. Sheils has a further statement to make.

Mr. SHEILS: I would like to add to my reply to you some figures one of our officers has given me. The Manufacturers Association made several surveys of what we call a breakdown of the sales dollar between different types of expenses, ending up with the net profit before taxes, and then taxes on dividends and so forth. The first survey we made was in 1948, and it showed a profit of 6.2 cents on the dollar.