

Hon. Mr. PATERSON: It might be all right if you could persuade Mr. Fraser Elliott of that.

Hon. Mr. BENCH: It might be more important to persuade Mr. Ilsley.

Hon. Mr. CAMPBELL: From your experience can you say that production has fallen off in seasonal industries since the workmen in these industries have been taxed?

Hon. Mr. McLEAN: I know it has fallen off in certain seasonal industries. Great efforts have been made to increase production, but it would have increased far more. If you remember the years leading up to the war you will remember that a good many of the seasonal industries engaged in primary production were not very busy then.

Hon. Mr. BENCH: Was it not by reason of the very situation you are speaking about that the Government found it necessary to increase the exemption on earnings of married women during wartime? As I recall, it was found in war industry that as soon as married women had earned \$660 they left their employment and went back to their homes until the beginning of the next calendar year. That meant a decline in production, and as a result the Government found it necessary to increase the amount which a married woman could earn before being subject to tax to something like \$750, I think. Am I correct in that?

Mr. STIKEMAN: The Government prevented the husband from losing his marriage exemption, and that had the same effect.

Hon. Mr. BENCH: But I suggest the basic reason for increasing the exemption on the income of married women was the same as Senator McLean's reason for advocating exemption of tax on overtime earnings.

Hon. Mr. HAIG: Mr. Chairman, this is a very interesting discussion, and Senator McLean has made a real contribution, but he is here with us all the time, and I think we should proceed to hear others who are not remaining with us. We are not going to lose Senator McLean.

The CHAIRMAN: We are going to lose him as soon as this Committee is dissolved, which will be on prorogation. He will not be available to us for two months or so after that.

Hon. Mr. HAIG: I think we ought to go on with the next presentation.

The CHAIRMAN: I do not like to shut off discussion. Is there any other question?

Hon. Mr. DAVIES: Mr. Chairman, I was a little late getting in and I did not hear Senator McLean's presentation. I gather from some questions that Senator McLean was advocating that dividends paid from a parent company to a subsidiary company be taxed.

Hon. Mr. McLEAN: No, I am not advocating it. It would not be practicable in this country, because we know that some subsidiary companies are set up for book-keeping purposes.

Hon. Mr. DAVIES: On the other hand, in some cases are there not shareholders of subsidiary companies who are not shareholders of the parent company? And is it not a fact that these shareholders may have to pay taxes, whereas the subsidiary company whose controlling interest is probably owned by the parent company does not have to pay taxes?

Hon. Mr. McLEAN: Quite right.

Hon. Mr. BENCH: One question on the point which has been raised by Senator Davies. I understood Senator McLean to say that exemption of dividends paid by a wholly-owned subsidiary to a United States parent company encourage the emigration, shall I say, of capital and shareholders from Canada.

Hon. Mr. McLEAN: Not necessarily of capital, but of shareholders. Shareholders living outside the country have to pay less taxes.