The CHAIRMAN: Yes, it did. Let me give an illustration. Take, for example, a life insurance company. In the first instance the shareholders invested, say, $100 per share. By reason of profits made by the company during the years the shares have become worth, let us say, $200. Now there is a desire to mutualize, and the policy holders would be quite willing to pay $200 a share, but it is found that $100 of that $200 would be taxable. Well, no shareholder is willing to mutualize under those conditions, because it would take practically all his profits to pay the income tax. So the shareholders simply will not do it. I know of a typical case. I happen to be on the board of a company similar to Mr. Davies' company and it would like to mutualize. I think the principle of mutualization is a very good one and I think it would find favour pretty much throughout the country. But under conditions as they are now, if that portion of the selling price of a share which is greater than the amount paid in the first place is taxable, the thing just becomes impossible. And then you have to remember besides that many of these shareholders have changed during the years, and that some of those who hold shares at present have paid $200 or perhaps more for them. They cannot afford to mutualize, because if they did mutualize they would be taxed on the amount of $100 or so per share, and to that degree they are being taxed on capital.

Hon. Mr. HAIG: I think we should thank Mr. Davies for coming here and making his representations.

Mr. DAVIES: Thank you, Mr. Chairman and gentlemen.

The CHAIRMAN: At our next meeting we expect to hear the Canadian Federation of Labour, the Certified Public Accountants Association of Ontario and the Income Tax Payers Association.

The Committee adjourned until Tuesday, December 11, at 10.30 a.m.