by an increase in personal savings. On the contrary, our experience indicates that income from securities is normally spent and not saved. It follows that if corporations are less able to retain profits for investment purposes, they will require relatively more outside capital than at present and we do not believe it will be available in Canada from individual savings in adequate size.

Migration

Since the publication of the White Paper proposals, the disparity in the personal income tax burden of the average Canadian and his U. S. counterpart has been widened with the enactment of the U. S. Tax Reform Act of 1969 which reduced personal income tax rates in the United States. As a result, the Canada-U. S. income tax comparison on which the Government based its conclusions is misleading.

This comparison is also subject to the following further criticisms:

1. The U. S. tax shown in the Government's examples is based on the rates applicable in New York State, which has one of the highest income taxes in the United States, whereas the Canadian tax represents the amount payable in those provinces which have the lowest income taxes.
2. The U. S. calculations were based on the assumption that the itemized deductions for taxpayers with income in excess of $10,000 ($12,000 in the case of a married taxpayer with two dependents) would equal 5% of their income plus the amount of their state income taxes. This allowance may represent the