

capital and may easily lose it in a foreign country, would be subject to the excess profits tax. One has to have a higher premium than that in order to break even, because of the large number of failures. So that if the small corporation does succeed in making something, it is first of all subject to a thirty per cent plus tax, and those individuals who would risk their money—and I hope they would not be widows and orphans, because theirs is not the type of money which should go into adventurous enterprises connected with the development of foreign trade—those businessmen who have incomes of \$10,000 a year or more are taxed very heavily. If a man has \$10,000 a year and he invests his money in this little corporation to develop trade and to fulfil the function which apparently the government is trying to do at the present time for him, he will find that what is left to him after the corporation tax is paid will be taxed in the personal income brackets at not less than forty-six per cent. If he happens to be a man with \$13,000 a year or over in income, all the earnings he gets out of the corporation by way of dividends will be taxed fifty per cent. If he happens to be a man who can really afford to go into this type of development in Central America or South America or the orient, where the risk is very high, and where one finds not only business risks but also political risks, and if he is a man with an income of \$100,000 he will find that all the money he gets as income from the corporation is taxed by the government at the rate of seventy-five per cent.

Mr. NICHOLSON: How much does that leave him?

Mr. JACKMAN: If he has made \$10,000 from the corporation, in addition to his ordinary income, \$3,000 of it would be taxed away in the corporation itself, which leaves \$7,000. And seventy-five per cent of the \$7,000, which would be three-quarters of it, would be taken away, with the result that he would get about \$2,000, after risking his capital in the company. Therefore, so far as the government is concerned, it is a case of heads we win, tails you lose, because, if he loses, 100 per cent of his money is gone and he gets no reimbursement for it.

If we wish to stimulate activity and adventure we must offer commensurate returns. My suggestion is that, so far as our export market is concerned, the tax rate in this country does a great deal to prohibit, if indeed it does not completely prohibit those who would venture their money in foreign fields in order to expand markets for Canadian products and give work to Canadians.

So I suggest to the minister it might very well be that if he finds his department has to go into certain fields which ordinarily would be taken care of by businessmen themselves, it is not because those men lack adventure or lack capital, but because, if they are successful, they get little or no returns for their effort, owing to our tax laws. If they are not successful they have to bear the full brunt themselves.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, I was not in the chamber during the whole of the minister's statement, but from reading the resolution I see no reason why we should not welcome a bill such as is proposed at this time.

The speech made by the hon. member for Rosedale (Mr. Jackman) reminded me of some adventure books I read about thirty-five or forty years ago.

An hon. MEMBER: "Good Manners"?

Mr. MacINNIS: One of them, I remember quite vividly, was entitled "Under Drake's Flag". Evidently the hon. member is living in those days.

Mr. JACKMAN: Those good old days.

Mr. MacINNIS: Yes, good old days—although I do not think most people would want to go back to them. They were good old days, in those days; but I believe, if we use our intelligence, sufficient things have happened since the time of Queen Elizabeth to enable us to have a much better life than the people of those days ever thought about. As a matter of fact, I think we are having a much better life. There is, for one thing, a great deal more humanity in the world to-day.

But, may I ask, why in the world should the people of Canada have to depend upon a group of individuals, who have got control of a little money, to develop trade between Canada and other countries?

Mr. JACKMAN: Because they can do it so much better.

Mr. MacINNIS: It does not appear that they can. As a matter of fact, there was no such measure as that now proposed by the minister on the statute books of Canada prior to 1930. What happened to Canada's trade at that time?

Mr. JACKMAN: Political interference.

Mr. MacINNIS: Political interference? It was not political interference at all. It was the failure of private business to venture capital. They had ventured so much that