

Hon. Mr. HAIG: I mean the extension, improving and reconditioning of the plant and for the building of additional plants. Now, if it is used to extend the plant that means more employment to everybody. If it is used to pay dividends, dividends go into the hands of somebody who pays income tax on them. It does not get away. We have double taxation.

The CHAIRMAN: The individual pays it in income tax.

Hon. Mr. HAIG: I may say to you, I am in entire accord with the policy of reducing the excess profits tax for the reason that in the last four or five or six years there has been no reconditioning of my plant or no extension of its facilities and this money will give me a chance to have these things done.

The CHAIRMAN: That is the declared policy of the Government now.

Hon. Mr. HAIG: I agree with the Chairman, but I would like to know if there is any answer to that question.

Mr. BENGOUGH: There is of course a general feeling—I do not know that we have gone into all of the ramifications—but some relief was given to those in the higher brackets and very little to the others.

Hon. Mr. HAIG: Do you know how much taxes are paid by a man who has an income of \$1,000,000 under the present system?

Mr. BENGOUGH: No, I do not.

Hon. Mr. HAIG: He is left with less than \$60,000 a year.

The CHAIRMAN: May I interject. There was an incident the other day where someone was earning something less than \$200,000 a year—which is a lot of money I will admit—but all that was left to the receiver of that income was \$18,000.

Hon. Mr. HAIG: You have to take the extreme if you are going to get a proper comparison. If you cut down the exemptions on some, and increase other exemptions to \$2,400 and let half of the people out of paying income tax, how are you going to raise the necessary money?

Mr. BENGOUGH: I would take it that the amount would be raised to the necessary sum by those who could afford it.

Hon. Mr. HAIG: Where is it to come from? Here is a million dollar man who gets only \$60,000.

Mr. BENGOUGH: Still you cannot justify taxing people who are not getting sufficient money to maintain themselves.

Hon. Mr. HAIG: It all gets back to what the basic income should be.

Mr. BENGOUGH: In our opinion it is \$2,400 for married men and \$1,000 for the single men.

Hon. Mr. ASELTINE: In that case the Government will have to spend less money for social services.

Mr. BENGOUGH: They realize that.

Hon. Mr. ASELTINE: I would like to give an example from the province of Saskatchewan. At one time if a man had an income of \$1,000,000 he paid \$1,200,000 in taxes. He had to draw on his capital in order to pay the taxes. The situation is almost as bad right now.

The CHAIRMAN: He was taxed by both Dominion and Province?

Hon. Mr. ASELTINE: No, that was the Provincial tax alone and he had to pay the Federal tax in addition to that.

Hon. Mr. McRAE: I would like to ask Mr. Bengough one question. How do your members feel about deducting the tax at its source?

Mr. BENGOUGH: They are fully in accordance with it; they believe it to be the best method.