

a great deal easier for the Minister of Finance to-day to raise funds in New York or elsewhere. I am not fond of taxation myself; I like my money as much as anybody, but I realize that we have to put our hands down in our pockets and pay the fiddler. We are performing pretty fast music just now, and the money is needed. I repeat that it would be a mistake to modify the taxation proposals because in my judgment the time is pretty near at hand when far more severe methods of taxation will have to be resorted to, and we might just as well face the music in the matter of money as in the matter of men. There is a great cry just now for the conscription of men, so let us consider means of paying these men.

Mr. MIDDLEBRO: I do not quite understand clause (c). This evening the hon. member for Brantford claimed that depreciation in value of his property should be deducted from his income. Subsection (c) seems to cover that point. It says that you may have exemption from income for:

Such reasonable allowance as may be allowed by the Minister for depreciation, or for any expenditure of a capital nature for renewals, or for the development of a business.

That seems to cover the point. I am opposed to the principle of allowing depreciation to be deducted from income.

Sir THOMAS WHITE: This refers to depreciation in connection with a business enterprise.

Mr. MIDDLEBRO: It does not say so; that is my objection.

Sir THOMAS WHITE: I think it does. The whole section relates, and is intended to relate, to a business.

Mr. PUGSLEY: May I be permitted to call the minister's attention to the use of the word "net" in different parts of section 3—a fact which I think he ought to take into consideration in determining whether he will insert the word "net" before the word "profit" in line 2 of subsection 1. The minister said that he does not like the word "net," but he is using it in line 38 of page 2 in the phrase "the net earnings," and again on the next page in line 9, where he speaks of the "net profit or gain." Although the minister does not like the word "net" he has thought it reasonable to use it in those two cases, and he knows that it is a rule of construction that if in an Act a word is used referring to one subject and is omitted in reference to another subject, the court will draw certain inferences from that

[Mr. McCrea.]

omission on the principle of "inclusio unius est silentio alterius." The minister, I know, will agree with me that it is very important to take that into consideration in considering the whole section. The court might hold that in simply using the word "annual profit or gain" in one case and "net profit or gain" in another, Parliament intended where the word "net" had been left out, that the gain or profit would be the gross gain or profit. I throw that out for the consideration of the minister.

Sir THOMAS WHITE: I shall be glad to take it into consideration, but it seems to me that profit or gain means net profit.

Mr. PUGSLEY: Then why use the word "net" in the two other cases?

Sir THOMAS WHITE: It is unwise to use two words where one will serve the purpose.

Mr. PUGSLEY: Why use it then?

Sir THOMAS WHITE: Net earnings as applied to a company is a common and ordinary expression. It has a well defined and well understood meaning, and is used by accountants in making up their statements.

Mr. PUGSLEY: Why do you use the words "net profit?"

Sir THOMAS WHITE: I do not believe the word "net" adds anything to the word "profit." I would rather strike out the word "net" in section 2. "Profit" is profit. I do not think you gain anything by saying "net profit." "Net earnings" is, of course, different.

Subsection agreed to.

On subsection 2, section 3—Holding Companies:

Sir WILFRID LAURIER: What is the meaning of this? Can my hon. friend give a concrete case?

Sir THOMAS WHITE: If a company owns all the stock of another company, there is no reason why it should not take the product of that second company at any price that may be agreed upon irrespective of whether it is a fair market price or not, because the first-named company owns all the shares of the second. There might be an international case in which a company in the United States would own all the shares of a company in Canada. The Canadian company might be doing a highly profitable business if it was carrying on its affairs in the usual course, but by rea-