

Hon. Mr. EULER: Would you care to say that it would be in favour of lowering of taxes and leaving to the government ways and means by which that could be made up, or possibly by a reduction of expenditures? Would you care to give an opinion on that? Would you say taxes should be further reduced on production—the manufacturer's tax?

Mr. SHEILS: I would like to keep out of the separate part of your question, sir. But I do feel that the further reduction of taxation on industry would be beneficial to the economy, in that it would give the manufacturer more money to modernize his plant and equipment and bring it up to date.

Hon. Mr. HAIG: Mr. Sheils, this is a political question. Would you assume, first, to start out, that we need so much money to carry on the government of this country. Would you assume that?

Mr. SHEILS: Right, sir.

Hon. Mr. HAIG: Now, the second thing you have to assume is that he who makes money must ultimately pay the taxes. I do not think we need to argue about that, that income tax is based in that way. I have never heard of any other country that got away from that fact fundamentally. But the corporation tax has always worried me in this way, that if I put my money, if I have any, into investments in manufacturing, in a company, the government taxes the profits on my money first in the company, and they take about 50 per cent, and then they hand me the money and tax me again.

Mr. SHEILS: Right, sir.

Hon. Mr. HAIG: Or if I have my money into things, not manufactured, or not a corporation, such as lending money on city property, lending money on farm lands, they only tax me once on my net profit. Should there not be some change there, should not that basis of taxation be switched off the corporation? Let me point out that in England they do this—and I am subject to correction—I understand that in England the tax corporations give each shareholder a certificate in proportion to the number of shares that he owns, and so when he puts in his own personal tax he gets exemption to the extent that the corporation has already paid him.

Hon. Mr. EULER: We get 20 per cent here now.

Mr. SHEILS: We get 20 per cent here now, yes, after this year. We have been getting 10 per cent, but we get 20 now.

Hon. Mr. EULER: We will get it from the first of the year.

Hon. Mr. CRERAR: Yes, that is right, but that is only 20 per cent. I want 100 per cent. If 20 per cent is a good idea, is not 100 per cent a better idea?

Hon. Mr. CAMPBELL: It is 20 per cent off your tax.

Hon. Mr. CRERAR: But that is not a political question. What do you think? I am assuming that the government needs the money and you are willing to pay it.

Mr. SHEILS: I don't know how far I could go with you reasonably, sir, with regard to 100 per cent, because I do not know what the impact would be on the taxation revenue and what other steps the government might have to take to recover the money. But the manufacturers of the country would certainly be relieved and pleased to see that increase from 10 per cent to 20 per cent because of the very fact that you mentioned, people who have money and who want to put it into our manufacturing industries wonder why they should be taxed twice. It is certainly a step in the right direction, but I would not like to say how many steps in that direction should be taken.

Hon. Mr. HAIG: If 20 per cent is a good thing, why is 100 per cent not better?

Mr. SHEILS: Because I do not know what impact it would have on the revenues and what that would mean by way of other taxation.