

Sir THOMAS WHITE: He would have an income from them.

Mr. LEMIEUX: Supposing he receives no income from them? Some of them may be vacant. You will deduct that from his annual income, I suppose?

Sir THOMAS WHITE: You mean deduct it from the \$10,000?

Mr. LEMIEUX: The minister makes a difference between the man who has an investment in real estate and the man who has an investment in houses. What is the difference?

Sir THOMAS WHITE: There is no difference, in principle. What I have stated is entirely consistent. If a man has an income of \$10,000, and diminishes that income by losses he makes on real estate, or by amounts paid for taxes, or otherwise, what is the difference between that and the man who has an income of \$10,000 and loses \$5,000 in a stock speculation? He might say, "I have lost \$5,000 in stocks, therefore I want you to assess me at \$5,000, instead of \$10,000." We should say, "No, your income was \$10,000; you speculated in stocks, which is not the ordinary course of your business at all, and you lost this money; that does not affect your income, which is \$10,000." If you laid down the principle that you would allow a man to deduct losses made in business in which he is not engaged, such as stock speculation, or real estate speculation, you might just as well never pass the Act, because it would be evaded in numberless ways. The true principle of the matter is, what is a man's income? Every one knows what you mean. If you ask a man on the street "What is so-and-so's income?" nobody will misunderstand you. You will be told it is the amount he gets from his employer, if he is employed. If, on the other hand, his income is derived from stocks, bonds or securities, everybody understands it is what he receives in the way of interest and dividends upon those securities. It is a commonsense matter. My hon. friend quoted section 3, to show that not only was individual income included—that is to say the individual income of a man from his trade, profession or calling—but also his income from investments. We all know what that means. It means his income from investments after he pays any necessary outgoings in connection with those investments, whether it is house property or not, plus the income he receives in his trade, profession or calling. It is not for us to inquire what he does with his income after he gets it. We

[Mr. Lemieux.]

are not interested in knowing whether he loses it in a stock speculation, or spends it foolishly. If you have to follow what a man does with his income, and allow it to be urged that he lost it in a stock speculation, or in a real estate speculation, or spent it foolishly, you might just as well never pass the Act.

Mr. COCKSHUTT: I must say I think the minister is rather confusing a fixed income or a salary with the proposition I brought out, and which I think has been well re-stated by the hon. member for St. John (Mr. Pugsley). I made no mention whatever of a salary. If a man is getting \$10,000 income from his calling, not in the way of salary, but from his investments in real estate—

Sir THOMAS WHITE: Is he a real estate dealer?

Mr. COCKSHUTT: No, he is not a real estate dealer.

Sir THOMAS WHITE: Is that his principal business?

Mr. COCKSHUTT: It is his principal source of support. He has received it perhaps after struggling for years and investing his money, or he may have had it bequeathed to him.

Mr. PUGSLEY: Or, he might have his real estate managed by a real estate agent. It may not be his business at all.

Mr. COCKSHUTT: I have a piece of property which has been in the family for three generations. It has come down to me as an inheritance and I would hesitate to part with it. I am not what you would call a real estate dealer, but I have my investments largely in real estate, and as a business man I have made my returns for years to the city of Brantford as to my income. I should be very sorry indeed to think I was deceiving them, but I have taken a course which I am bound to say is the course I would take if the Finance Minister asked me to tell him what my income was—I would do my best to tell him my net income, deducting all expenditures in the way of taxes, repairs, insurance and everything of that kind, which every man who owns property knows he has to make.

Sir THOMAS WHITE: There is no objection to that.

Mr. COCKSHUTT: But, according to the minister, there is an objection to it. He instances the case of a man who loses part