expedient for the government of the day not to carry them into effect.

The Association disputes the implication that the proposals may also have a beneficial effect on the propensity of those who earn high incomes to save rather than consume. We firmly believe that the proposed changes in the treatment of capital gains and losses, coupled with the gift tax and death tax provisions now in force, would have a serious impact on the willingness of the so-called "wealthy" to save, and that this would more than offset the favourable effect that would result from a reduction in the top marginal rate. For example, reference to the Government's supplementary papers concerning the effect of the personal income tax changes reveals that the net additional burden on those in the $25,000 to $50,000 income level would be approximately eight times the relief afforded them through the reduction in the top marginal rate.

We believe that may other citizens, such as retired persons, may also be discouraged from accumulating further savings or from attempting to preserve as much capital as they now do, by the prospect of double taxation of their estates, i. e. the estate taxes and succession duties that would be payable on death and the income tax which their estate or beneficiaries would have to pay on any gains realized on the sale of their assets.

In our view, the impact of these proposals on capital formation in Canada could indeed be serious, having regard to Canada's pressing need for capital, and we accordingly urge this Committee and the Government to give their most earnest consideration to the suggestions which we have offered in this Brief on the subject of capital gains and losses, estate taxes and gift taxes.