

Mr. MACDONALD: There is more known about the softwood yields, but I suspect that some of our hardwoods in Canada produce more. I have studied rates of growth of oak trees in Ontario. The rate of growth, I would suspect, would turn out as high as in all our high yield softwoods—certainly elm does. Maple grows slower, basswood at a much higher rate, but there would be a need for more study of hardwoods than for softwoods.

Senator TAYLOR (*Westmorland*): It would depend again on the species of softwood.

Mr. MACDONALD: They vary; red pine will grow faster than white spruce or black spruce.

Senator TAYLOR (*Westmorland*): We find that white spruce grows faster in the Maritimes.

Mr. MACDONALD: It is found that Norway spruce grows phenomenally fast. And while speaking of this and the question of the protection of trees against insects, and it is well to give attention to this, the private individual maintaining forest, give more attention to this question than is given on government plantations because apparently they are so large they think it is not worth the money spent on it.

The CHAIRMAN: How far have they got with the hybrid development of trees?

Mr. MACDONALD: We make some reference in Part V to that. There is a hybrid willow they developed in Denmark that they can cut into pulpwood—pulpwood sticks in six years. And in Italy they have developed poplars where they can cut pulpwood in ten years. They have also experimented a little with those here. That is one thing we could do in this country, to think about tree improvement.

I would like to turn now to page 3 of Part IV, about two-thirds of the way down the page.

Corresponding evidence can be supplied from the United States. A. E. Wackerman, Professor of Forest Utilization at the Duke University School of Forestry, in "Keeping Faith with Forest Farmers" (*American Forests*: May, 1962) p.12, traces the growth of private forestry in that country:

The factor contributing most to the rapid progress of private forestry unquestionably was the revision of federal income tax policy in 1943. Prior to that time, income from long years of timber growing was classed as ordinary income for the year in which it was received, regardless of how many years had elapsed between the investment and the return, unless the timber was sold outright.

Then I would like to turn to page 4, in the middle of the first paragraph there is a sentence: "By allowing long term capital gains treatment for forest management timber income, the federal government itself adopted what it had long urged the states to do—"

This is the federal government in the United States.—"—i.e. encouragement of private forestry by co-operation and equitable taxation. The capital gains rate for timber income, in effect, holds the tax rate on applicable transactions to one-half the rate on ordinary income with a maximum of 25 per cent." And that is all the part of that section I propose to read.

The CHAIRMAN: How far have we in this country got towards doing that?

Mr. MACDONALD: I don't think there has been ever any effort made in any provincial or federal income tax Act.