

which also tends to give him a very material return, since he receives a very substantial percentage upon the first thousand dollars worth of stamps sold. So taking the balance, having regard to all those circumstances and assuming that the principle I mentioned a moment ago is sound, its application should have the effect in the case of the postmasters in question. No doubt in the cases of many of these post offices it is to be regretted that the compensation which is so meagre should be still further whittled down, but it would be difficult to have a law of general application which would not perhaps result in hardship in individual cases. Taking it by and large, however, I think the general soundness of the principle is apparent.

Mr. SPEAKMAN: I will admit the various forms of compensation mentioned by the minister; I will admit the truth of the other points he mentioned, but it is also true that the salaried postmasters have been reduced ten per cent as compared with their former incomes while commission postmasters have had an average actual and effective reduction of a little over twenty per cent. Every argument as to the lower cost of living and the lower cost of doing business which applies to the commission man applies to the salaried man also. It was estimated that the ten per cent reduction was fair in view of the lower cost of living and of doing business, so if that is a sound principle it must be admitted that a reduction of twenty per cent or twenty-two per cent is greater than is fair, and that is the net result in spite of the facts to which the minister referred.

Mr. CHEVRIER: I will detain the committee for only a few moments. I am absolutely opposed to the second reading of this bill for the reasons I mentioned last year, and which may be found in Hansard of April 4, 1932. I am absolutely opposed to the second reading of the bill, and experience has shown that my arguments last year were sound.

There is one further fact which I should like to place before the committee; it is this: By lowering salaries the government has affected one of the most essential factors in the reestablishment of economic conditions, that is, the purchasing power of the country. I find that in answer to a question put to him the Minister of Finance is reported at page 1897 of Hansard as having said that the saving thereby last year amounted to \$8,300,000. In other words, from the purchasing power of the salaried employees of the government the government has put aside the

sum of \$8,300,000 which, instead of being used for productive purposes, has been turned into the sink hole. It was not used to pay off a part of the national debt but was used for some non-productive purpose. I understand that in banking and so on a dollar in trade is usually worth from \$10 to \$17 in returns. To suit the minister let us put it at a conservative estimate and say that a dollar in trade is actually worth \$10 in returns. This would mean that the earning power of this country was reduced last year by \$83,000,000. It would mean that in this city alone, which contributed \$2,250,000 of the \$8,300,000, there would be anywhere from \$10,000,000 to \$20,000,000 less in trade. At this time everyone is trying to increase the purchasing power of the country, and everyone is trying to get at the root of our economic and financial difficulties, I do not think that we should take this step which will only increase our difficulties.

I do not suppose that anything I may add will affect the passage of this bill, but I should like to point out once more that this is a most unfair and unjust piece of legislation, and that some grading should have been done. I believe those earning less than \$1,200 should not have been touched at all. I do not say that simply because of the ten thousand or twelve thousand people in Ottawa who are immediately affected; I say it because of the effect it has had and will have on the whole community. I believe this legislation has been a most pernicious example to corporations and business houses throughout the country, who have followed the lead of the government and cut wages. They have not turned over to the government the money they have saved by reducing wages; instead, they have simply taken that money in order to pay dividends to stockholders and shareholders. I do think it is most unpolitic—and I use the word in its proper sense—and a most arbitrary measure, and for these reasons I must oppose it.

Mr. RHODES: I should like to observe to my hon. friend from Ottawa that he has overlooked one simple fact. It is that the \$8,300,000 which we saved last year would have had to be made up by taxes levied upon the people of the country. If there is any merit in his contention what he is saying now must mean that if we want to bring about prosperity we must tax the people. In other words, my hon. friend is advocating that we should tax ourselves into prosperity.

Mr. CHEVRIER: Then may I ask if the members of the civil service will be exempted to the extent of ten per cent in the taxes they must pay?