

ing so heavily on the low income group, and to have achieved a more simplified and logical tax structure. I suggested that the reason why he had not done so was that he was thereby enabled to strike more heavily at the lower income groups. What has he to say about that? Why did he not make it all one tax?

Mr. ILSLEY: The graduated rates would have to be higher to get the same amount of money if it were done on the other principle.

Mr. HANSON (York-Sunbury): Then that supports my theory, that you are striking at the lower income group?

Mr. ILSLEY: That is a rather hard way to put it.

Mr. HANSON (York-Sunbury): Perhaps it is rough, but it is probably true.

Mr. ILSLEY: The fact is that if we had abandoned the national defence tax, quite a number of taxpayers who had been paying small sums would not be paying anything. The national defence tax principle was pretty well accepted, and we did not think we would be justified in abandoning it.

Mr. STIRLING: May I ask in what position the man finds himself who, having been in receipt of a salary and having incurred certain commitments with regard to life insurance, and having paid them for a few years, decides, as the result of a call of duty or because he is pressed to a training camp, to enter the army. He receives \$39 a month. It is obvious that he cannot still continue to keep up his commitments on his life policies. In what position does he find himself under this budget?

Mr. ILSLEY: That man is evidently a private and he is not taxed on his service pay. On his ordinary income, if he still has an ordinary income—

Mr. STIRLING: The presumption is that the salary he has been enjoying ceases.

Mr. ILSLEY: Then he is not taxed.

Mr. STIRLING: But he cannot carry out his obligations. He cannot maintain the life insurance to which he has committed himself.

Mr. ILSLEY: That is correct.

Mr. STIRLING: Is there no assistance forthcoming? Is that the death of that man's insurance policy?

Mr. ILSLEY: Yes.

Mr. WRIGHT: When you get into the higher age groups you find that many of these men who took out policies of considerable amounts at the age of twenty-five are being drafted now into the army as privates, and their policies will lapse unless provision is made. Is no provision being made by the government to protect these policies?

Mr. ILSLEY: It is not a taxation question at all.

Mr. WRIGHT: I know it is not a taxation question, but it is a question that arises.

Mr. ILSLEY: The government has not undertaken to keep insurance on a person's life in force.

Mr. WRIGHT: In certain cases difficulty would arise because of the taxation.

Mr. JOHNSTON (Bow River): I can appreciate quite readily that the minister is finding difficulty in obtaining money. When the taxation budget was brought down a year ago the minister said definitely that the purpose was not to obtain revenue; that it was to prevent inflation. He has changed his attitude, because he states now that we must have increased revenue. In fact, he went on this afternoon to explain that it was necessary to increase the taxes upon incomes in the lower brackets, especially those of girls and stenographers, in order to obtain this great amount of money. Some members of the opposition criticized the minister quite severely because he had not raised the tax on certain incomes, because he had not exempted officers and so on, but the strange thing is that while some of these old, hide-bound Conservatives who cannot see any further than their noses are ready to criticize the methods adopted by the minister to raise revenue, they have nothing to offer in their place. My hon. friends over here are so steeped in old conservatism that they will never get out. The only hope we have is that they die off, but I do not want to wish that on them. It is one thing to criticize the minister, as they have done quite freely, and it is—

An hon. MEMBER: Constructive criticism.

Mr. JOHNSTON (Bow River): Constructive criticism! I never heard anything constructive come out of your outfit yet. You are quite ready to criticize the minister, but I challenge any one of you to show him where he can get the money. Very few Liberals have the ability—not exactly the ability, rather the nerve to rise in their places and say what they think about the need of a change in our monetary system. Those who have expressed their ideas in regard to the need for a change in this