

profits. I have just been looking at the report of one large industrial corporation and I find whereas their normal earnings were something like \$600,000 or \$700,000, that during the years 1917, 1918 and 1919—while the war was on or immediately following it—their income rose to something in the neighbourhood of \$1,250,000. Moreover, personal incomes were high during the war. But though personal incomes were high at that time I want hon. members to understand we had no income tax in this country. We had no income tax in Canada until the year 1917 and we began to face it in 1918. We collected \$78,000,000 in the fiscal year ending March 31, 1922, when deflation set in. On the other hand the Americans, our neighbours to the south, collected during the year 1917, \$1,110,000,000 income tax. We are told that we ought to reduce our income tax and that we ought to have reduced it a year ago because the Americans reduced theirs, but we did not impose an income tax until four years after they did, so that we cannot be expected to reduce our income tax as quickly as they. There is another thing that should not be forgotten in regard to the American system. In that country they have what they call a federal inheritance tax. We have an inheritance tax in certain provinces of Canada, but we have not a federal inheritance tax, and a good deal of money is collected by the United States government from their federal inheritance tax. So that I think we have very little to complain of in this country on account of the condition of affairs. The situation briefly is this: first, because we failed to pay for a large share of the war while it was going on, due I say to the failure of hon. members opposite to face the situation as it then existed and to pay for the war as it was going on, this government has to deal with the condition that confronts it now, and what, therefore, has this government done? It has faced the problem of paying for the war. It has collected taxes, not as hon. gentlemen opposite say, to cover the extravagances of the administration, but to provide for the necessities of government. This had to be done, and the condition was caused by the war. We had to increase taxation to take care of the peak load and I think we should be thankful that we are able now to reduce taxation. We have got over the peak. The situation is better, but still there is a great problem to be faced. I have confidence in the ability of the government and of the Minister of Finance to face it and I have sufficient confidence in this House and the people of this country to realize that they will support the minister in bringing these happy events

[Mr. Donnelly.]

to pass. I refer to the further reduction of our national debt. I would like to see the national debt reduced still further, and such taxation continued as is necessary to put the country on a sound basis.

I have further evidence to prove that when hon. members opposite ruled the country prior to 1921 they did not try to pay for the war. I wish to place a few figures on the record. In the year 1919 our national debt stood at \$1,574,531,033 and in 1922—that is two years—it stood at \$2,422,135,802. These figures are taken from the Canada Year Book, page 752, and relate to the period when hon. gentlemen opposite were ruling the country. Of course hon. members will say it was due to the war. True it was on account of the war, but the Americans closed the war at the same time we did. They got through when we did, but did they increase their national debt during those two years? Let us see what they did between 1919 and 1922. I have the figures here. In 1919 the United States national debt stood at \$24,479,302,376, but in 1922 it stood at \$22,996,416,115; so that they reduced it by about \$2,000,000,000. They reduced their debt, not very much, but they reduced it, while our debt was increasing. The year 1922 marked two things in Canadian history. For one thing, it marked the passing of my hon. friends to the left of the Speaker, and it marked another thing namely, the time when this country began to meet its obligations and to cut down its national debt. Look at the figures of the national debt since this government took office. I have taken the figures from the Canada Year Book. In 1924 our national debt stood at \$2,417,783,275. In 1925 it was \$2,417,437,685 not much of a reduction, but in the year 1926 it was \$2,395,084,685, so that a reduction has been made. You will see that under Liberal administration, hampered as the government has been by their predecessors in office, hampered by the legislation and by the load placed upon them, they have started to reduce our national debt. It has not been reduced very much, but still there is a little reduction. They ran the country in a businesslike way, they reduced our national debt, and I would like to see taxation kept up for some years, so as to be able to reduce still further our national debt. In the year 1925 the national debt of the United States stood at \$20,211,000,000. These figures are obtained from the Department of the Secretary of the Treasury. They take no account of what is owing to the United States from foreign countries. Debts of this character due the United States amount to about \$10,000,000,000 and most of them have been funded. They may not be good debts.