

period of five years? If I might cite an example, if a city installs a water system which costs \$10,000,000, the city fathers have the choice of taxing the people during the current year for the full \$10,000,000, or of spreading that cost over a period of ten years or whatever period may represent the useful life of the property.

Of course we know that the munitions and other things that go into the war are blown to atoms. Nevertheless we are fighting for a principle of liberty and for our own salvation, and surely that is not something which will evaporate as soon as the war is over. We hope to end wars for all time, and if I may say so, I believe that with the mounting costs each year resulting in a succeeding higher figure it will be impossible for us to pay the total burden or even as large a portion as we are attempting to do now out of our current income.

If we confine ourselves to only one objective of the budget, namely the raising of money, rather than the question of how much income we can prevent from coming into the market to buy goods which do not exist for civilian consumption, I might ask the minister how it is that he hits upon the figure of 52 per cent of our war expenditures and other expenditures to be met by taxation, and 48 per cent to be met by borrowing. Why did he not hit upon a figure of 50 per cent for each, or why did he not follow the policy adopted in the United States of 30 per cent by taxation and 70 per cent by borrowing? I have not the figures for Britain, but I doubt very much if they would be as high as ours. Canada, with its direct, indirect and corporate taxes, is probably the most heavily taxed country in this war. As regards the old country, with whose income tax brackets we sometimes compare ours, we find that occasionally the rates here are actually higher. On top of that, and bearing in mind particularly that we are an industrial country, we have a 40 per cent minimum corporation tax, which does not exist at all in the old country. There exists there only the excess profits tax, which we now have up to 100 per cent.

We might ask ourselves how the minister arrived at the sacrosanct 52 per cent? Why should all other figures be fallacious and harmful, as he termed the suggestions which I offered? Why, may I ask, does he not tax us 100 per cent of our total war effort and our ordinary expenditures? Why stop at 52 per cent? If his arguments are sound up to 52 per cent, then why are they not sound up to 100 per cent; or possibly, if I argue for 45 per cent or 40 per cent of taxation to meet our total costs, why are my figures necessarily

[Mr. Jackman.]

unsound? All his arguments apply with equal force against any greater or lesser figure than the particular one which our budget strikes, namely 52 per cent. May I ask, then, did he get it out of thin air and then set it up like a golden calf, to be worshipped, with no deviation allowed whatever from it, so that all unbelievers must be regarded as heretics? More probably he followed the same principles that others have followed. The taxation which any minister of finance or any committee working on the budget would have suggested probably would have been the very limit which the financial machine would stand and still function in high gear, for there never was a time when a minister of finance needed money so desperately as it is needed at the present time. A deflation of the financial structure, which is the effect of this budget just as it was the effect of the preceding budget, will not help the attainment of that objective.

The difference between us is where the line between borrowing and taxation can be best drawn for the year 1942. Neither from the point of view of revenue nor from that of removing spendable money from the market is there any immediate difference between borrowing from our own people and taxation, for borrowing is only taxation deferred. In either case the people give up the money and their spending power is removed. The only difference is that the incidence of the tax, the question of on whom it shall fall, has not yet been decided. With this budget, as under the previous budget, though now greatly aggravated, it is a case of the pace and not the race that kills. If we are to have a preservation of the enterprise system and the economic liberty of the individual, then we cannot be asked to accept more than the system will stand, or to accept it faster than the system will stand it. Possibly it would even stand greater burdens if it were given adequate time. Even our hon. friends to the left, when under a previous leader, suggested that a considerable period would be required in which to switch over from the present economy to the economy which they espouse, unless everything were to fall by the wayside during the interval.

This budget was felt by many people to be particularly severe, in view of the fact that in the last loan the minister asked for \$650,000,000. Perhaps it will be admitted that this was a low objective, because naturally the minister wanted to make a real success of the loan. But when approximately \$1,000,000,000 was voluntarily subscribed by the people of Canada, the business men and others who subscribed to that loan felt that the minister should be satisfied that they were willing to