

taxed the fellow who made the \$1,000,000 and who showed more enterprise and employed far more people than the other man did. That is the principle of ability to pay. Here is one man who makes a success of life. He engages in a business and develops it, and employs a large number of people and makes a profit. He pays heavy taxes. The other rascal on the other side of the road makes a failure of life. He employs only a few people, and does not always pay them, and in no way develops industry. Under our income tax law the man who makes the money pays the piper. Taxation nowadays is so high and takes away so much that enterprise—and I do not blame it—is unwilling to exert itself to make money. This is true of professional men and labouring men alike. Recently I met a professional man on the street in Winnipeg, and I said to him, "What are you doing this afternoon?" He said, "I do not work on Fridays and Saturdays". I said, "Why?" "Well," he said, "I would only have to give it back to Mr. Ilsley, and if I spend my time with the people at home I won't have to do that." I asked another man why he did not work on Saturday at his place of business. He said "I am making enough money, and taxes are so heavy that it doesn't pay me to come and work."

That sort of thing applies all through the piece. I have not exaggerated it at all. Why has the bacon production of our country fallen? Because the wife and children of the farmer are no longer willing to look after and feed the pigs when the profit made by the farmer has to be paid out in income tax. Production of milk and butter has fallen in our province for the same reason. What is the use of putting in a hard week's grind when the government takes half the money? That is how people argue. They say: "We will restrict ourselves to wheat so that we shall have to work only four months, and we will take our share of the proceeds." That is the situation all across this country, more particularly in the Prairie Provinces, where it pays better to produce wheat after you get into the income tax bracket. The small farmer is not in the same position, because his exemptions are higher.

I say that this country ought to reduce income tax right across the board. I understand that some men favour higher exemptions for single people while others favour higher exemptions for married people; but by and large we need reductions right across the board. I do not know what the United States are going to do, but I understand that the purpose of the Republican majority in the Senate and the House of Representatives is to try to reach the objective of a 20 per cent cut

across the board. That is their judgment as to what should be done, and whether it is right or wrong, I do not think it is far out.

I have not yet touched on old age pensions. I am waiting for the government's bill. Anyone can suggest that old age pensions should be boosted and that the age should be reduced. But honestly, I do not know how old people live today on \$20 a month. I was brought up in a hard school, on a prairie farm, and know something about the problem of subsistence; but frankly I do not know how these old people live. In our province they are getting \$25 a month, the provincial government having supplemented the federal allowance by \$5. But even with that addition I still do not understand how they manage to live. I am not going to suggest any figure to the government, but I hope that in bringing in their bill they will remember that the dollar today, as compared with 1926 or 1927, when the first pensions were paid, is worth only about 50 cents. I believe there should be a real and substantial increase.

This leaves me the one question of the New York meeting. I like to pay a compliment when I can to the Prime Minister of this country. His decision in 1945 to send to San Francisco a Canadian delegation composed of representatives of the main parties in the other house was a master stroke of statesmanship, and he is entitled to credit. I never realized this as much as this last fall, when, upon the invitation of the government, I with the leader opposite had the opportunity to go to New York to represent the Senate and Canada in the assembly. Let me tell you the story.

We arrived in New York, and every morning throughout the six or seven weeks that I was there we met at nine o'clock in a general committee room. All the delegates and officers and specialists—I think there were about twenty of them—sat around a table from nine to ten and discussed all the problems that came before them, and every man spoke, not as a Conservative, not as a Liberal, not as a supporter of the C.C.F., but as a Canadian and only as a Canadian. We never spoke or thought on any other lines. If I may be pardoned a personal reference, I can cite an incident which may help you to understand what I mean. That boy of mine wrote me a letter from home: "Dear Dad: We will be glad to see you back home; but don't come home unless you can make it so that I won't have to go to Europe again." That expresses the opinion of the people of the world. Let us so shape things that our men will not have to go to Europe again.