

effort and post-war effort as there is between day and night.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McRAE: Successful activities in war-time, if continued on into the peace will be our ruination. I am going to refer to some of the taxes as they affect our corporations, and for the record I wish to say that I am neither a director of nor a shareholder in any of our leading industries, and only wish to express my unbiased views to honourable senators for what they are worth. At the present time, as honourable senators well know, the tax on corporations is forty per cent. In addition, there is an Excess Profits Tax which, including the 20 per cent credit, accounts for all the excess profit. Then, when dividends are declared the shareholder pays his income tax, in all as high taxation as any country in the world. I am not looking for much reduction in our income taxes, but I say that it is going to be essential to make reductions if we are going to get business going again. Some companies have been severely handicapped by the present system of taxation as other interests throughout the country have been owing to the war. There are a great many companies, particularly those on standard profits, which have not been in a position to accumulate anything to enable them to make the transition from war to peace. These companies should be given some consideration. The main point, however, is such reduction of the corporation and excess profits taxes as will enable them to produce with some hope of profit. That is particularly true if we are looking for an increase in our industrial efforts. That is what improved national production really means. As I see it, the present tax system is a stone wall in the path of the establishment of new industries and the successful operation of many established industries.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McRAE: We won't get started as things are to-day. Something definite has got to be done for our corporations so that they can successfully revert to peace-time production. The Government should give our corporations some definite assurance as to what they will have to meet in taxation in the post-war period so that they can make their arrangements accordingly. As it is, practically all industries are following a policy of wait and see. I think that will be the situation nationally until the Government takes some definite action in the matter, and that of course will be for the new Parliament. I know that the reduction of taxes at this time is a very difficult matter. It is obvious that

we will have to borrow money after the war if we are to take care of our responsibilities and meet the situation. It is difficult to reduce taxes in the face of this; nevertheless we must reduce taxes, even if we borrow more money. And that is the answer. We will have to mortgage the future to an even greater extent than we have already done in order that our industries may get going and furnish the employment we hope for. That is going to require a lot of courage, a definite decision, and some risk; but we are in the position now where we have got to do it. We have got to take our courage in our hands; we have got to consider the situation and do what we think is best. As I have said, that issue is right on our doorstep. It will have to be dealt with when the new Parliament convenes.

There are one or two projects that offer considerable employment, and which also demand our prompt attention. I have in mind our place in the world of air development. There is no doubt that great advances will be made in the next few years, and we are particularly equipped to take a leading position in this air transportation. As a result of the war long distances have been travelled and safety of travel has been improved. This is going to result in great civil air developments in the future. If you have any doubt about that, note the struggle which the American and British companies, and possibly some others, are making for a place in the air. We have as much claim to a premier position in the air service as any other country.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. McRAE: And we should lose no time in asserting our claim. I trust the Government will give this matter its early consideration, because otherwise I am afraid we shall be overlooked. The development of air transport would give almost immediate employment to probably twenty thousand of our returned airmen, and over a period of time to many more.

The honourable senator from Winnipeg (Hon. Mr. Haig) spoke very feelingly on what we were going to do with our airmen who were returning—all young men, on the average about twenty-five years of age or less, who have come out of our universities and know no other occupation than flying an aeroplane. But that occupation they know well. They have been well educated in it. It has cost us probably \$10,000 each to educate these boys. We should not throw that education away. Coupled with the general development of aviation there is also the development in our own country, particularly in our north country