

warrant it". But this just does not work in this day and age. We Liberals were never supposed to have the business judgment of the Conservatives, but we have always believed that sound government finance is the basis of all prosperity, and that only when your house is in order can you recommend to parliament that they reduce taxes. I think it is a curious hangover that causes my Conservative friends to adopt an attitude towards government finances which is different from the one they adopt in their own private businesses. It is not that they do not know better. My honourable friends opposite have keen minds, but they are still thinking of days gone by, when the Conservative party thought that the public would listen to almost anything. That does not hold true today. The government can only reduce the taxes with public approval, and government finances must first indicate that a reduction is justified. If you want proof of this look to the United States. When Mr. Truman automatically became the President of the United States he was sneered at by the masterminds of the American business world as being quite incapable of grasping the great problems of public finance. Honourable senators will recall what happened a year or two ago when he recommended to Congress that no reduction be made in the income tax. The Republican party, which represented the business interests of that country, held that there must be a reduction in taxation. Mr. Truman's answer was that although the country was in a prosperous condition it was going to be faced with heavy expenditures, and that because of the demands that would be made on the treasury in the future it was undesirable to reduce taxes. As honourable senators know, the majority of the members of Congress at that time were of a different political faith from that of the head of the government—a situation that could not exist under our system—and they vetoed his measure on one, or perhaps two, occasions. Then when he made a third attempt to prevent a reduction in taxation, the Republicans and certain Democrats united to override him, to show what they thought the country wanted, no matter what the financial consequences might be. Let me tell my honourable friends that they should not underestimate the people's knowledge of public affairs. No government should. I believe that public opinion will support you in a reduction of taxation if finances justify it. But if you adopt an indifferent attitude, as the Republicans did in the United States, you run the risk that the public will know as much as or more than you do about finances, and will treat you accordingly.

**Hon. Mr. Horner:** President Truman secured the farm vote because he did not give away their wheat. They receive double the price our farmers get.

**Hon. Mr. Robertson:** At any rate in order to balance the budget, President Truman has now asked for increased taxes.

I have taken the greatest pride in the present government's record of financial administration both before and since I became a member of it. During the war we elected to pay for half the cost of it as we went along. That was hard to do, but the Minister of Finance predicted that we would enjoy the benefits of this policy later. We are, indeed, reaping the benefits today, and shall continue to do so for some time. We must not forget that we have to pay for our wars. Those who believe otherwise are not realistic thinkers. Because of the business-like handling of our finances by the Liberal government during the war, we are now in a position to boast that, despite the income tax reductions made in the United States, our taxes today are lower than those in that country and infinitely lower than those in Great Britain, two countries where the situation is most comparable with ours.

I quote the following from the budget speech made by the Minister of Finance on May 18 last year:

Despite the common conception of lower taxes in the United States, it is clear . . . that at many points the Canadian tax is lower. Indeed, taking into account the number of taxpayers at various income levels, I am able to make what is to me the striking statement that three out of every four Canadians would pay more income tax on their present income if they lived in the United States rather than in Canada.

So that there may be no misunderstanding I quote from the same speech the assumptions on which the comparisons between the Canadian and United States taxes were made:

#### Canadian Tax

1. No allowance made for medical expenses, pension contributions, charitable donations, or other deductions. Taxpayers claiming such deductions would pay less tax than shown.
2. Family allowances for children taken into account as being in lieu of income tax relief for children.

#### United States Tax

1. Deduction of 10 per cent of income up to a maximum of \$1,000 claimable by every taxpayer in lieu of deductions for medical expenses, charitable donations, states taxes, etc.
2. All taxpayers assumed to take full advantage of the provisions for splitting incomes between husband and wife.
3. New York State income tax included in calculation.

As honourable members know, in the United States there is also a state income tax.

I place these facts on record to emphasize the happy position that the people of Canada