

that Eastern interests have some peculiar claim to political or legislative consideration. On the other hand the East is under no obligation to defer to Western feeling unless it is convinced that the West expresses a truer national sentiment or visualizes a sounder national policy. If we are to deal wisely with the conditions that are inevitable when peace comes we will forget that there is an East or a West in Canada and subject all our economic proposals and legislative measures to the crucial test of the common national welfare.

What will be the situation when peace is declared? Between 200,000 and 300,000 workers are engaged in the manufacture of munitions. Fifty or one hundred thousand additional workers are employed in factories which are producing other war supplies or a portion of whose staffs are engaged on war contracts. Between 300,000 and 350,000 soldiers will return from Europe for whom places in the fields, the factories, the shops or the professions will have to be provided. If we include the dependents of soldiers and war workers, between 1,500,000 and 2,000,000 people out of a total population of 8,000,000 will be vitally affected by the cessation of hostilities. Clearly, therefore, if we are to escape a season of unemployment and of industrial confusion, unrest and depression every factory, will have to run on full time and alike in industry and agriculture production will have to be maintained and increased. If we fail to provide employment for the soldiers who have borne the battle for us we will break faith as surely as if we had neglected their dependents or betrayed the cause for which they have made such immeasurable sacrifices.

When the war came, Canada had a net debt of \$336,000,000. It is now \$1,200,000,000. Before victory is achieved the total probably will be between \$1,500,000,000 and \$2,000,-

000,000. The greatest revenue that we have raised in any one year was \$170,000,000. The total annual charge when peace comes will be between \$350,000,000 and \$400,000,000. In order to meet this huge annual obligation war taxes will have to be retained and old sources of revenue stimulated. There is no prospect that taxation of incomes will be abandoned. It is just as certain that we will continue to appropriate excess profits. But the yield from taxation of profits depends upon the condition of the industries and institutions from which this taxation must be mainly derived. Moreover, excessive taxation of profits must inevitably check industrial expansion, create unemployment and reduce the public revenues. If such taxes were laid upon agriculture as would leave farmers no margin for new machinery, draining and fertilization, both agriculture and the revenue would suffer. Excessive taxation of profits from industry could have no other result. Furthermore, it has been established that great industrial concerns can bear a scale of taxation which would destroy the smaller factories. The United States Steel Corporation sets aside millions of dollars for taxes and yet has earnings which yield ample dividends. Adequate profits guarantee or should guarantee efficiency, high production, good wages, continuous employment and generous contributions to the public revenue. Undue taxation of profits embarrasses weaker concerns and destroys competition. But the Government may fairly seize excess profits and in proportion as the industries provide revenue other classes are relieved. In the United States in 1916 personal income taxes yielded \$173,000,000. Of this the farmers, of whom one in every four hundred made returns, paid one per cent. I make no attack, open or covert, upon farmers. I am only trying to show that under the new systems of taxation which have been