

In other words, I would have to place 104 one-cent certificate stamps on this certificate in order to redeem it. This certificate was issued August 5, 1936. If I want to spend it to-day I cannot; it will cost me 4 cents in order to give it away. We talk about theories, but this is something that was actually done. Then they come and tell us this is the way to finance this country.

Mr. JOHNSTON (Bow River): You are certainly doing a swell job for the war. Get on with the war.

Mr. KINLEY: The hon. member for Vancouver-Burrard said that we went through days of depression.

Mr. JOHNSTON (Bow River): You are a good example of the whole party.

Mr. KINLEY: I hope my hon. friend is not angry. The hon. member for Vancouver-Burrard said that there was great distress in Canada during the depression days. That is true. He also said that municipal and provincial governments had fallen down, that they had gone into default and were unable to carry on. That disease did not strike the maritimes. We are referred to as the sound money men of this country, but it seems to me that the disease referred to by the hon. member was not so prevalent in eastern Canada. Yet now we are getting advice from those who have the theory, but not the successful practice, of how to run a country without depending on the government.

This question of exchange is an important matter; and, as I said in the beginning, we in Nova Scotia have had an education in foreign trade. I want to remind hon. members that in our reciprocity agreement with the United States this was considered a matter of great concern and was embodied in article XIII of the agreement, which reads:

If a wide variation should occur in the rate of exchange between the currencies of Canada and the United States of America, and if the government of either country should consider the variation so substantial as to prejudice the industries or commerce of that country, it shall be free to propose negotiations for the modification of this agreement: and if agreement with respect thereto is not reached within thirty days following receipt of such proposal, the government making such proposal shall be free to terminate this agreement in its entirety on thirty days' written notice.

Our financial relations with the United States are most important. We are their best customer. They are our best customer to-day, except for our shipments overseas of war supplies, and it is important that we travel along with the United States and shape our financial policies to conform as far as possible to what they do, so that we may have

harmony, so that we may do business together without disrupting our agreements. Last night the hon. member for Parry Sound rather surprised me when he spoke of inflation. Let us see whom it would help. Let us suppose a man had an income of \$50,000, and I assume there are people in this country with such incomes. His tax would be about \$30,000. It might be better for the temporary preservation of that income if the minister would raise the money he needs through the printing press rather than by taxing it from the people, for naturally and properly the tax falls heaviest upon those who have the largest incomes.

The hon. member's argument was also subtle with regard to single and married men, especially that portion of it having to do with the refundable portion of the tax. If a man is married, has two children and an income of \$3,000, his computed tax is \$668, of which \$334 is refundable or deductible, making a balance of \$334 which he must pay. Thus he is left \$2,332 to maintain his family, exclusive of his allowance for insurance premiums, superannuation or mortgage payments. On the assumption that he has insurance to pay or similar obligations to meet which will equal the deductible portion of the tax, his tax is increased by \$119 over last year. Under the last budget his tax amounted to \$215. A bachelor with an income of \$3,000 is assessed \$1,064, of which \$240 is deductible, which means that, under the same conditions, his actual cost would be \$824. Under the last budget the bachelor would pay \$622, so that his tax is increased by \$202. In private life a man does not get a larger salary when he marries. He is supposed to save while he is single, in order to be able to support a wife when he gets married; and the obligations of marriage hardly depend upon the income tax budget. This is severe and drastic taxation, but it is part of the terrible burden of this war. We must not forget that a bachelor, if he is between the ages of twenty and forty, is called to military service, which is not required of the man with a family.

I regard this compulsory saving as a splendid feature of the budget. If, in former days, a man has been doing the good thing by his family, by taking out insurance and buying a home, he is protected to an extent in these obligations, which he may deduct from his income tax. I believe this compulsory saving will do four things. In the first place it will provide funds for the carrying on of this war. In the second place the people will make fewer demands on consumer goods in this country, thereby freeing men and materials for the war effort. In the third place it is saving for a rainy day, which is always a