

fellows? Some of them were junior clerks; others had just left school or had not yet completed their university courses. The same remarks will apply to our young fellows in the Navy. At the outbreak of war our Navy personnel did not exceed 4,000. To-day it numbers some 150,000 or 160,000. My honourable friend the "Admiral," across the way (Hon. Mr. Duff), will be able to give us the exact figures. Those young sailors, soldiers and airmen will soon be returning to civil life, and I fear that the country is not ready to meet the situation. It must get ready without delay. A large number of our industries are prepared to change from war production to their former businesses, or to undertake new ones. Those industries will be able to absorb a large number of our young veterans; but the home market will not take care of the increased output, and we must dispose of our surplus production in the markets of the world. In short, we must stimulate and encourage trade and commerce.

Before I go further into that subject I should like for a moment to deal with our system of taxation as it affects free enterprise. You cannot subject industrial and commercial undertakings to a tax of 80 per cent—as a matter of fact the Government takes 100 per cent, but promises to return 20 per cent—and hope to see them expand. It may be said in some quarters that the members of this House represent capitalism. They do not. I am convinced that of its membership at any time at least 90 per cent has by its own enterprise and energy risen from humble beginnings to well-merited success. Certainly any honourable members who have acquired wealth have done so by hard work and good business judgment. Heavy taxation destroys the incentive to embark on new undertakings or to develop old ones. Great Britain has found that out. British taxation is heavy, but industry is encouraged, and is given a chance to survive and develop.

Our income tax has two bad features: the exemptions are so low that it is difficult for parents to educate and train their children; the maximum rates are so heavy as to destroy absolutely any incentive a man or woman may have to earn special or extra income. Those two drawbacks must be rectified, and rectified soon.

I do not prophesy when the war in Europe will be over; nobody does; but if we can judge at all from reports, it should be over in six months from now, maybe much sooner, perhaps in six weeks. Now is the time when we ought to be getting ready for the turn-over from wartime to peacetime industry, so as to be in a position to encourage enterprise

after the war ends. The Socialists say, "If the executives do not provide employment, they are to blame, and we shall take over." If you make the burden on industry so heavy that no one cares to risk his capital, you will prevent private enterprise.

Let me give you an illustration. In the city of Winnipeg there is a man who established a business some fifty years ago, when he was about twenty-two years of age. He had a good name, he was said to be honest, and he possessed lots of energy. He is in the automobile business now. Last year the income from his business was \$186,000, but he was allowed to keep only \$40,000, and he had to pay personal income tax on that. What incentive is there for anyone to start a new enterprise when, after paying such heavy corporation taxes, one is still subject to personal income tax? Not a dollar of that man's income was made out of the war effort. That is the kind of situation we face in this country, and that is the first thing which must be rectified. So far there has been no attempt to rectify it. It is true that last year the income tax law was slightly amended with respect to valuations and write-offs, but no serious attempt has been made to give industry a chance to carry on.

In order to be able to dispose of the goods which the industry that we now have in this country will be able to produce after the war, we shall have to sell on the markets of the world. Right now our best business men ought to be in those countries where we hope to sell our goods; they should be studying the requirements there so as to be able to tell us what to do in order to meet competition successfully. I hardly like to say this, but I do not believe that committees such as the one that was headed by the Principal of McGill University are going to mean very much. True the Principal of McGill is a fine man, and has great ability; but the problem that such bodies are attacking is not the chief one that we have to face, which is: How are we going to get markets for our industry? For only to the extent that we are able to get markets shall we be able to maintain our industry.

A second great problem is this: Where are we going to sell our cattle, our grain and our hogs after the war? In Western Canada in the last five years—I see the honourable gentleman from St. Jean Baptiste (Hon. Mr. Beaubien) listening to me, so I had better be careful with my figures—in the last five years, or certainly in the last ten years, because of the development of power farming in the West, we have produced, with the same labour, twice as much grain as we did before. What