

any rate we should know what the amount is, and, if we go beyond it, recognize that we are doing so at our peril.

I come next to the most difficult of all the questions. How much should we get by taxation? That is a most crucial question, because after all, that automatically fixes how much we borrow. I know almost everyone in the house—and for all practical purposes, perhaps I can say everyone—holds this view. I say that because I noticed that the leader of the group to my left the other day said that so long as we were carrying on through private enterprise we should make the conditions reasonable. Therefore I put it to the house that at the present time we believe our salvation is that we must help private enterprise to perform. This being so, surely no reasonable man will doubt that the overwhelmingly important thing is to create conditions under which production will be at a high level. If we fail in that, we do not get to first base. We fail to get the jobs; we fail to get the taxes. In these circumstances the acid test seems to me quite clear. We must determine what amount of taxation can be raised without curtailing initiative, or, to put it the other way round, we must figure at what level of taxation a reasonable expectation of profit will be available. This should be the method of determining the total amount of tax, and the rest we must borrow. If we neglect this, the golden eggs will not be laid.

Then, as to borrowing, we must take equally objective and realistic tests of our borrowing capacity. We must seek to adjust our finances on the basis of gradually decreasing expenditures, so that we will come to the point where our borrowings will be self-liquidating. If anyone suggests that this is putting property values above human values, then I answer without fear of contradiction that if we neglect these first principles of common sense we shall be deceiving and robbing everybody, because we shall end by grievously depreciating the currency, which bears heaviest on the low income group.

Having made these preliminary observations I come now to consider two or three of the chief proposals made by the Minister of Finance. Referring to the excess profits tax, he said this:

The excess profits tax has been in operation from the beginning of the war and the standard profits established on the basis of average profits before the war are becoming more and more out of date. There is widespread evidence that incentive is being stifled and that ordinary prudence in the making of business expenditures has been seriously weakened.

I think that is an understatement. I say that as things are to-day the excess profits tax has stimulated extravagance, has blunted efficiency, has frustrated energy, has bogged down the whole of the business world in a mass of taxation difficulties, and has slowed up the whole course of business.

So far as the standard rate is concerned, the rate of 1936-39 has about as much to do with the business conditions of to-day as has the course of the gulf stream.

In the light of this condition, it is all the more regrettable, and a very unfortunate thing, that notwithstanding the fact that the Minister of Finance believes the tax is blunting incentive, he retains it as it is. I think we should give him credit for the relief which he has given, and particularly to small business. But I do venture to say this, particularly in the light of his own criticism, that if it were possible for him to cut away the whole jungle of technicalities and deadening procedure which now involves the whole of business, it would be a tremendous encouragement and stimulus to the whole business world.

I should like now to say a word or two about the personal income tax. The relief the minister has given this year to people with small incomes is almost microscopic. While I fully realize the great importance of keeping a broad tax base, nevertheless I venture to suggest to the minister that some consideration might be given to relieving the lot of the small taxpayer at the present time. I suggest it might have a beneficial effect in creating better feeling in facing the difficulties which lie ahead of us.

Then, one other thing—and a rather small one, but I think it worthy of mention. It has been brought to my attention that a certain number of men who are entitled to refunds under the personal tax may be temporarily unemployed. I do suggest that it is not administratively difficult, and it would be good sense and wise business to enable these men to get their refunds. It has been suggested that this could be administratively simple, and that it would enable them to get the refund when they apply for unemployment insurance.

I should like to say a word about the mining tax. My colleague from York West (Mr. Adamson) has repeatedly urged in the house that more should be done to stimulate the mining industry. We all know how important it has been to us. We all know the unique effect—I think taxation has a unique effect upon everybody, but if there is any industry upon which taxation has a uniquely deadening effect, it is the mining industry—this taxation