

portance; its importance cannot be overestimated. In a word, this may be said: Great Britain can buy upon this side of the Atlantic only to the extent to which she can borrow upon this side of the Atlantic. Practically confined as Great Britain is to using the proceeds of her borrowings in the United States to purchases in that country, it is necessary that Canada should furnish credits to the Imperial Government to the utmost extent that we possibly can to enable her to purchase those munitions and foodstuffs so greatly needed by her army and by her civil population at this time. We have endeavoured to do that to the utmost of our power.

Mr. CARVELL: Would not the minister add to that ability our purchases from Great Britain?

Sir THOMAS WHITE: In the exchange situation, and having regard especially to shipping, and to the dislocation of British industries during the war, our imports from Great Britain are small, while our exports are great.

Mr. MACDONALD: The other day I saw in an advertisement of the war savings certificates issued by the minister's department the statement that we were spending \$2,000,000 a day on our obligations in connection with the war. Has the minister any computation of what our obligations amount to day by day at the present time?

Sir THOMAS WHITE: Both here and abroad?

Mr. MACDONALD: I am referring to a statement made in an advertisement in an Ottawa paper.

Sir THOMAS WHITE: I observed that advertisement, which was not published by the authority of the department, or of the National Service Board, which has been assisting in promoting the sale of war certificates. I interested myself to have that statement withdrawn because it was misleading. Our expenditure is on no such basis.

Mr. MACDONALD: Perhaps the minister, when he comes before the committee again, will tell us what the war expenditure is day by day. In framing this measure the Minister of Finance no doubt had in view the object of bringing home to all of our citizens the seriousness of the situation. There has been too much talk in this country of "business as usual," and of the prosperity of the country being so great.

Some hon. gentlemen have gone so far as to give some credit to the Government for that prosperity, whereas it is due to the huge quantity of supplies required in connection with the war, and to a great extent the people of this country have not realized the tremendous issues and the very great obligations this country is assuming and must assume in order that we may play our part in the war.

There seems therefore, to be this anomaly in the range of taxation the minister proposes imposing. Take the man who has an income of \$5,000, which is an ample amount for any man to live on respectably in this country. After you deduct the tax he pays, he is left with an income of \$4,880. After income tax is deducted the man with an income of \$7,000 is left with \$6,730; the man with an income of \$10,000 is left with \$9,600; the man with an income of \$12,000 is left with \$11,420; the man with an income of \$15,000 is left with \$14,150, and the man with an income of \$20,000 is left with \$18,100. Leaving out altogether those who have extremely large incomes, under the taxation proposed by the minister, you have a condition in regard to men with incomes between \$5,000 and \$20,000, under which my hon. friend does not really bring home to the door of the man who is wealthy and has much money to spend the stern necessity of the situation. \$100 is of more consequence to a man with an income of \$4,000 than it is to a man with \$10,000, and the man with an income of \$20,000 is left with over \$18,000, which in Canada is a princely amount to live on. The percentage does not increase at the rate at which it should increase.

This taxation inevitably involves the strictest possible economy in detail. Every year the Government spends amounts varying from two or three to four hundred dollars on small matters in various parts of the country, and if the strictest economy is not exercised in these small expenditures the impression that it is desired to create by this legislation will be entirely lost. A measure of this kind imposes on the Government the duty of exercising the strictest economy even in the smallest expenditures. Although the ordinary citizen has but a faint conception of an expenditure involving millions of dollars, when he sees \$2,000 or \$3,000 wasted before his very eyes he gets the impression that this Government is not exercising the economy that it should, and I would particularly impress that phase of the situation upon the Minister of Finance.