

greatest contribution for the purpose of winning the war? During the war years Canada set high standards. We had more than a million of our young men and women in uniform. We gave large contributions to the united nations, and we kept for ourselves more of nearly every item of food than we ever had before in the history of the country. Is there not something radically wrong with an economic system which gives the people their highest standard of living during two wars, the war of 1914-18 and the war of 1939-45?

The performance of the Minister of Finance during the war should indicate that if he wishes he can organize our fiscal policy so that we can have full employment and rising standards of living in peace time. I wish to point out that the greatest waste in our time or in any country's time is the waste which takes place when able-bodied men are denied the chance to do useful work, and when machines remain idle when there are needs which must be filled.

When these settlers were going to the north country the sawmills in the midst of the bush were closed and the settlers could not get lumber to finish their houses because, we were told, we had no money in Canada. Under the pressure of war we found that if we needed lumber, mills were operated and those who worked in the mills deserved reasonable standards of living.

I come now to a criticism of the budget. The amendment moved by the hon. member for Vancouver East (Mr. MacInnis) sets out the fundamental criticisms of the budget. I should like to confine my criticism chiefly to the points raised last night by my deskmate, the hon. member for Winnipeg North Centre (Mr. Knowles). The budget does not provide for the tax reductions in the calendar year 1946 by raising sufficiently the exemptions of those in the lower income brackets. In discussing the budget on June 27 the minister said, and correctly, as reported at page 2915 of *Hansard*:

Secondly, we are all, I believe, agreed that the income tax is the fairest and best tax on which to rely for the bulk of our revenue. More than any other, it takes ability to pay properly into account. We must, I consider, rely upon it as heavily as we can, subject to the limits imposed by its effects on incentive and efficiency.

My quarrel with the minister all during the war was that he was too cautious, that he paid too much attention to the people in the higher income brackets, who are few in number but apparently quite powerful.

Mr. ILSLEY: Is eighty-five per cent not high enough for these fellows?

[Mr. Nicholson.]

Mr. NICHOLSON: No, I think not, as I shall show a little later on.

Mr. KNOWLES: It was ninety-two per cent at one time.

Mr. NICHOLSON: The important consideration is, how much is left when the Minister of Finance takes away eighty-five per cent? My figures will indicate that the fifteen per cent which is left is more than adequate.

Let us go back to the seventeenth century in which the hon. member for Muskoka-Ontario would like to live. We find a division of income at that time similar to what we have now. We start with the labouring people. There were apparently about 364,000 in this category. For my purpose I am taking the pound at \$5. These 364,000 labouring people had an annual income of \$75. The next class was common seamen; there were 50,000 of them and they received \$100 a year.

Mr. DIEFENBAKER: What year was that?

Mr. NICHOLSON: That was back in 1688, in the seventeenth century. The farmers then as now were getting pretty rough treatment. There were 150,000 farmers who received an annual income of \$212. Shopkeepers and tradesmen, of whom there were 50,000, received an annual income of \$225. Then we come to the lesser clergymen, of whom there were 8,000—

Mr. GRAYDON: Here is where my hon. friend comes in.

Mr. NICHOLSON: Yes, that is my category. I was up in the north country with the veterans of the last war. There were 8,000 lesser clergymen who received an annual salary of \$250. The military officers were a little better off. There were 4,000 of these and they received \$300 a year. The next class were persons in liberal arts and sciences. They had rough treatment then as now. There were 75,000 and they received \$300 a year. The next class is eminent clergymen. There were 12,000 of them who received \$360 a year. I would remind the house that the lesser clergymen received \$250. Naval officers, of whom there were 20,000, received \$400 a year. Lawyers were better off, but not as well off as they are now. There were 10,000 of them who received \$770 a year. There were 8,000 lesser merchants and traders by sea who received \$990 a year, and 2,000 eminent merchants and traders by sea who received \$2,000 a year. The last two categories are the spiritual lords and the temporal lords. There were only twenty-six spiritual lords, but they