

The Budget—Mr. Coldwell

to endure the burdens imposed by our necessary defence preparations, corporations and companies should not be allowed to maintain very high and, in some instances, quite excessive profits.

The minister indeed is determined to protect them against the effect of the 20 per cent defence surcharge which he provides shall not operate so as to reduce the net income after the federal tax on any company to a point below 5 per cent on the capital involved.

Mr. Abbott: The capital employed. I thought my hon. friend said "involved".

Mr. Coldwell: The capital employed. This position is quite the reverse of that which was taken in 1939 when this house passed a Defence Purchases Act, since repealed, providing that profits on defence contracts should not exceed 5 per cent. This indicates clearly the fundamental difference in the approach of the Liberal party now and of the C.C.F. now in regard to this problem. We believe that when our institutions are in danger and sacrifices are to be made, there should be some attempt to achieve at least some equality of sacrifice. Because of this, Mr. Speaker, I wish to move a sub-amendment, seconded by the hon. member for Vancouver East (Mr. MacInnis), which is as follows:

That the amendment be amended by adding thereto the following words:

"This house further regrets the failure of the government to exempt from the proposed 20 per cent defence surtax the incomes of single persons up to \$1,500 and the incomes of married persons up to \$3,000."

The minister's budget obviously does not in any particular achieve the ends which I have outlined and which we should have in view.

During the last war Canadians were led to believe that as soon as the war was over a comprehensive social security system would be inaugurated. The Beveridge report had been placed before the British people and in Canada a somewhat similar report was made by Professor Marsh. Coincidentally, a parliamentary committee was established to recommend a national health insurance plan; indeed a bill was drafted, and prior to the 1945 general election the Canadian people were told that this measure would go into effect as soon as a dominion-provincial agreement had been reached on constitutional matters.

As a matter of fact, in the dominion-provincial conferences, this question and the problem of universal old age pensions were

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not reached on the agenda and as yet no adequate attempt has been made to fulfil the expectations that were raised by the presentation of the Marsh report and the formulation of proposals for a national health plan. In mentioning this, I want to say that if we are to maintain nation-wide support for our struggle against the threat of totalitarian aggression, the Canadian people must be granted the social security measures which they were promised during the second world war; and what is true of our domestic situation is equally true in the realm of our participation in international affairs. We cannot defeat the threat of totalitarian communism or fascism, should it again raise its ugly head, by military might alone.

The budget indicates clearly the huge expenditures involved in our military plans; these are expenditures that we must make. Yet in contrast, Canada's contribution to the first year, for example, of the Colombo plan is a conditional \$25 million. While we are, I believe, making a great effort in military preparedness, we are not assuming, either within our own country in the realm of social security or in regard to such plans as the Colombo plan, obligations comparable with those assumed, for example, in a much harder-pressed country, namely the United Kingdom; nor are we contributing as much per capita to the southeast Asia plan as is Australia.

I therefore say that in order to achieve our objective in maintaining freedom and democracy, we must place greater emphasis upon the economic aspects of our own domestic situation, of such international organizations as the Atlantic alliance, and of the problem of southeast Asia.

While there are features of the budget that I could commend, such as the provision to allow union dues to be charged as a deduction, and the provision which will allow money spent on drugs, to a certain extent, to be used as a deduction for income tax purposes, yet, my time being limited and expired, I have made the criticisms of the budget which I felt we should make and which are in line with criticisms we have made in similar debates on many other occasions.

Mr. Solon E. Low (Peace River): Mr. Speaker, the Minister of Finance (Mr. Abbott) brought down his budget last week, and yet the Canadian people today are still faced with two most serious threats. I acknowledge the seriousness of the international dangers that beset us at this time, and I