

Mr. O'NEILL: If we can judge by what was being said at the time, I believe the hon. member for Waterloo South is quite correct, because the Prime Minister said that the credit of the country would be used for public need.

For a great number of years prior to this war, young men and young women of Canada were going round the country looking for a job. Men were riding the rods on the freight trains. But as soon as the war breaks out we find we have plenty of money. I cannot see where there is any more money or credit in the country to-day than there was in those days. I cannot see why it is not possible to raise huge sums of money for an emergency of any kind, whether it be a war-time or a peace-time emergency. It does not appear to me to make any difference whether the emergency be an earthquake, a flood, a depression, or a war. If money is required to feed and clothe our people, you should be able to get it, and I believe that you can get it. But I do not believe that you can go along eternally financing the way we have been doing.

The orthodox argument is that raising money by bonds and paying interest on them is perfectly right and legal, but that if you raise money by bonds and do not pay interest on them, that is no good. I cannot see that it makes a particle of difference. I cannot see that argument at all.

I have not changed my mind with respect to the ideas I held in 1935. As a matter of fact, as the years go by I am becoming more and more convinced that the opinions I held at that time were sound. I believe that the Minister of Finance is making a wonderful job of our financing, and I did not get up here at this time to try to embarrass him. Far from it. But there are some things which I think should be taken into consideration.

I am very much in agreement with the hon. member for Cape Breton South (Mr. Gillis) that we should not tax people with incomes as low as \$660 and \$1,200, for single and married respectively. In 1940 I advocated that the minimum incomes that should be taxed should be \$750 and \$1,500, for single and married respectively. I still hold that view. You have to tax the majority, and it is true that the great majority of the people are in the low income brackets. But when you start taxing very low incomes you are taking money that is required for the very essentials of life, and you are running down the physique of the nation. I do not think there can be any question about that. When this war started and we called up young men for the army, we found that a very large percentage of them

[Mr. Homuth.]

were not fit for service because they had been undernourished. Many of them were rejected because they had bad teeth, and the only reason they had bad teeth was that they did not have money enough to pay a dentist. These conditions obtained because of malnutrition, and when you get down to taxing people in the low income brackets the same thing will go on.

I am rather disturbed that something has not been done to grant a bonus to old age pensioners and to people on fixed incomes of this kind. Definitely the cost of living has gone up. The increase has been taken care of as regards wage earners in some brackets—not in all of them. As the hon. member for Cape Breton South pointed out, in some of these categories the cost of living bonus has been granted, but the cost of living has gone up 15 points, so that they are being penalized in addition to the new taxes which they will have to pay. Some consideration should be given to people with fixed income of the type of old age pensions and mothers' allowances.

The wartime prices and trade board is of necessity a part of the present method of financing, and I believe that in principle it is sound. But I have in my hand a copy of the *Merritt Herald*, a small paper circulating in a part of my constituency, and it has these headlines on a news item:

Rancher Drops \$500 in Cattle Deal. Packers' Squeeze Disclosed Here. Fixed Price on Meat—not Cattle.

So that there is a fixed price on meat, but apparently no fixed price on cattle. This cattle buyer came in this fall when the wartime prices and trade board had fixed prices, and when the rancher's cattle were sold he was beaten out of \$500. It seems to me that there should be some way to control the packers.

The CHAIRMAN: I do not believe that this matter comes under resolution 1. The resolution proposes a certain scheme of taxation on incomes, and I cannot see how it can be extended to cover the subject now being discussed by the hon. member.

Mr. O'NEILL: I must abide by your ruling, Mr. Chairman. I do not know whether the subject which I want to deal with has already been discussed, because I have been on the Defence of Canada regulations committee and have not been able to attend the sittings of the house.

The CHAIRMAN: The point of order which I raised was not in respect of whether or not this matter had been discussed. The point of order is that resolution 1, with