

and effect, a load borne by every one of the twelve million people of Canada. On such harmless things as soft drinks we still have a tax of twenty-five per cent, plus a cent for the bottle, which means that the youngsters pay seven cents instead of five cents for ordinary soft drinks. It means, too, that the movie, the poor man's recreation, is still subject to a twenty per cent tax; it means that candy, even when consumed by children, is still subject to a thirty per cent tax. Everybody in the country bears it. How about a little relief for these people? How about the twelve million people who are still waiting in vain for some semblance of reduction in taxes?

I am not a smoker; therefore I can make my next observation, I trust, with complete dispassionate objectivity. Consider cigarette papers. I suppose they are used chiefly by people who cannot afford to buy packages of cigarettes. A man or a woman pays thirteen cents for a package of 100 cigarette papers of which eight cents represents tax, eight out of thirteen cents. Then there is a tax on cigarettes in packages. The tax is two cents on every five cigarettes, and that affects every smoker throughout the length and breadth of the land. I suggest that if the Minister of Finance is looking about for opportunities to grant some tax relief he had better think about the rank and file of people from coast to coast.

I turn now to a subject which affects every man, woman and child in Canada, namely, reconversion from wartime to peacetime economy. At the outset I should like to emphasize the crucial importance of the time factor. Even the Minister of Finance recognized that in what he had to say on June 27. If we are to give any assistance to this reconversion process it must be given right now, not next spring, not in next year's budget, but right now, and there is no time to lose. This is what the Minister of Finance said in his budget speech of June 27, as reported at page 2905 of *Hansard*:

... the action we take now in regard to taxes should provide whatever stimulus is possible to increased production. If we can encourage hard work and efficient production at this critical time, we shall be assisting greatly the effectiveness of our other actions to overcome the inflationary influences left behind by the war.

An ounce of effort now to assist in the reconversion process will be worth a pound a year from now. The solution depends on the action that we take right now, and it depends far more on this budget than many hon. members have given any indication that they yet realize. Let me quote what the right hon. gentleman had to say at page 2904 of *Hansard*:

Production then should be our primary objective both for its own sake in a world that needs goods so badly, and as a safeguard against the present danger of inflation. We should aim now at high volume production for civilian purposes. . .

A little further on he said:

No longer must civilian production be restricted in order to conserve resources for war. It can now receive first priority.

How are we to assist this reconversion process? I should like to recall the description of government wartime fiscal policy as outlined by the Minister of Finance in his speech on October 12, 1945, as reported at page 1002 of *Hansard* of last year. This is what he said:

During the war, there has been built up a system of taxation which is discouraging to investment, to enterprise and to consumer expenditures. In many of its aspects it was designed to be discouraging and restrictive to all activities not necessary to the prosecution of the war. Some taxes were intended to restrict trade. Others have had the effect of increasing costs. I recognize that in the course of six years, war-time taxation has begun to blunt incentives and if continued indefinitely will paralyze the development of industry and trade.

This is a consideration of the greatest national importance.

I should like to underline every word that the right hon. gentleman uttered on that occasion and recall to you, Mr. Speaker, that every moment the government fiscal policy as outlined by the Minister of Finance on October 12 last persists, these consequences, which he fully and frankly outlined on that occasion, will persist, too: the restriction on output, the discouragement of enterprise. To the extent that this budget carries on the same fiscal policy as was in effect then, it just accomplishes these things; the restriction of output, the dampening of incentive and the retardation of this whole process of reconversion from wartime to peace-time economy. There is no escape, and this budget unhappily carries forward just about—well, I shall be conservative with a small "c" if I say ninety-seven per cent of everything that was involved in government fiscal policy during the war as described by the Minister of Finance in the passage which I read from his speech of October 12 last.

Mr. JACKMAN: Managed economy.

Mr. FLEMING: Yes, managed economy, the fetish of bureaucrats; that is what we have been given. How on earth are we to accomplish or achieve the high production which the minister now claims to be so necessary to fend off the peril of inflation? How is he to do it; how on earth could it be done by the kind of budget proposals which have been introduced by the Minister of Finance? Look at them. First, look at the