

The Address—Mr. Gardiner

each of the last two wars we had experiences which taught lessons. We should benefit by those lessons.

We do not agree with the Conservatives that every form of control and all taxes necessary to the conduct of the war should have been done away with at the end of the war. On the other hand we do not agree that every control or every tax found valuable during the state of war is good in peacetime.

Liberals believe that individuals should be free to own property and acquire rights to develop our natural resources. We believe that individuals, companies and corporations should be encouraged to make profit and be free to make their own decisions with regard to the expansion of their operations or the transfer of their investments from one operator to another. Liberals believe that if the development of an industry is dependent upon the utilization of products of primary producers or labour, the individual, company or corporation responsible should be free to see that the proper proportion of earnings is distributed to primary producers or labour before profit is allowed to increase unduly. Liberals believe that if individual or corporation management places undue emphasis upon profits, or even inadvertently allows profits to exceed reasonable levels, then the state should step in either to control or to tax excessive profits into the treasury.

Liberals believe that after those profits are taxed into the treasury they should be so distributed as to put back in the hands of primary producers or labour amounts which management might have put there in the first instances. This is done either through direct payments or through social services. In answer to the socialist we say indiscriminate regulation and a system which denies the individual or corporation the right to handle what might be termed profits robs the individual of a freedom which was won from the state after centuries of struggle.

Then what about our experience and practice? This is what I stated to the voters of Canada:

The government had an experience during the war which they have benefited by since the war. We wanted ten times as much money to finance the war as we were able to collect before the war. The old practice was to go to a country such as Britain or the United States and borrow the money.

During the last war we raised \$5 billion a year. Half of it we borrowed from the Canadian people and the other half we taxed from them.

The Liberals decided to do neither of the things that were suggested by the other two parties; and I went on to say:

The Liberals decided to do neither but to collect a considerable part through special taxes after the individual or corporation had shown what profit could be realized. They decided at the same time to distribute vast sums to veterans back from the war, to mothers through family allowances, to labour through unemployment insurance, to old age pensioners, to the sick through hospitalization, and to the public in general through assistance in industry and agriculture.

Each of these policies greatly increased the purchasing power of individuals and thereby provided a better home market for all our commodities. This purchasing power among the masses of the people has been greatly accelerated through a 32 per cent decrease in the income tax on those who are in the lower income brackets. 770,000 persons who paid income taxes prior to January 1, 1949, pay no income tax now. The income tax reductions together with other reductions leave \$369 million in the pockets of those who paid higher

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taxes last year. Family allowances put \$271 million more in the hands of mothers in 1948-49. Old age pensions paid by Ottawa put about \$67 million in the hands of the aged. Unemployment insurance makes available \$49 million. Demobilization and reconstruction payments amount to \$434 million . . . These policies increased the purchasing power where assistance is most needed by over \$1 billion, \$800 million of which is provided for through these special taxes.

What does that mean? I went on to say:

This increased ability to buy has had a marked effect upon Canada's home market for Canadian food products.

I am sure my friends at the other end of the house will agree with that statement.

Canadian farmers have produced more food in the last ten years than in any other ten-year period. During the first half of that period there was great difficulty in disposing of grains, with the result that much of it was converted into meat and dairy products. In spite of that we were carrying 600 million bushels of wheat in the middle of the period about a year before the end of the war. This wheat, together with all we have grown since, or about 2,500 million bushels of wheat, has been disposed of in five years.

That is the greatest problem we have in western Canada, disposing of our wheat; and here we disposed of 2,500 million bushels in a period of five years.

That is as much as entered into world trade a few years ago. Our oats and barley, with the exception of a small quantity for malting, have all been turned into meat and dairy products . . .

We have not had quite so many hogs on our farms in the last five years as in the previous five, but the average dressed weight of slaughterings has been higher. There is no surplus of hog meat begging for a market, and we have been obtaining a higher price recently than could be obtained on the American market. We are not able to fill our British contract.

Our milk production has been higher in the last five years than in any other five years in our history. There is such a demand for milk in other forms that cheese production is at a long time low in spite of the fact that the Canadian price is higher than the Minnesota price. The British contract quantity has been greatly reduced in each of the last two years because we knew we would not have the surplus cheese. We have not produced the reduced quantity. The reason is obvious. We have been consuming the milk in other forms. There is no surplus begging for a market.

That is a statement my friends sometimes condemn me for having made. There is not a surplus begging for a market.

There is not a single one of the staple farm products of western Canada searching for a market. Until very recently we have had markets closed to most of them because we could not otherwise supply our best long time market. Even now, when Britain is temporarily short of dollars, we have been able to negotiate contracts which would take more to supply than we have to sell.

My hon. friends should listen to that.

This being the case it is not only foolish but untrue to state that Canada is losing her markets.

My friend the leader of the C.C.F. party is foolish enough to believe I was applying that remark only to him. He was not as important