

creased volume, and I believe there is something in the argument that increased volume of business brings about lowered costs, enabling them to meet competition and to increase the extent of their business.

Let us for a moment consider the table of the national income. At page 22 we find a comparison of the national incomes of Canada and the United States. This has been prepared on the basis of an index number. If one takes that index number and looks down both sides of the table he finds that in almost every year the national income in Canada is at a relatively higher point than it is in the United States. All their efforts to improve the conditions of the people of that country by a reckless and generous expenditure of money have fallen flat. Without that reckless expenditure in Canada we have made more relative progress than they are making. I venture to say that anyone reading the records as they affect the United States to-day will be convinced that they stand in a much more dangerous and uncertain position than we do. They have more unemployment, more unrest and more trouble, by far, than there have been in Canada. I attribute a great measure of the difference to a saner attitude on the part of Canadian labour; but undoubtedly one of the chief factors has been the sounder basis we followed in Canada during those years when we had lower tariffs, permitted a greater volume of increase in our export and import trade, and thus helped in the development of the nation.

In the United States to-day they have recovered only 64 per cent of their 1929 level of export trade, while we have recovered 94 per cent. To-day the leader of the reconstruction party (Mr. Stevens) mentioned the fact that he did not expect a development of trade to cure the problem. Well, the hon. member was always a pessimist. Back in 1936 he said the same thing, because I find that at page 1825 of Hansard he used these words:

Here again we have an indication that the government is resting its hope of a solution of the Canadian economic and social problem of to-day upon the time when there will be a normal revival of trade.

He was pessimistic then. The export trade of Canada at that time was valued at \$838,000,000, and it is now \$1,124,000,000, or an increase of over 30 per cent since 1935. We are making progress.

Let us turn to the comparison of national incomes, as it is set out at page 110 of the report. In this connection there is a problem I should like to place before the com-

mittee. In 1936 our national income was stated to be \$4,062,000,000. But the price level is now down to 80, so that with an income of \$4,062,000,000 the purchasing power on the basis of the present price level is equal to the purchasing power of a national income of \$4,930,000,000 in 1926. So that, actually, in purchasing power our income to-day is higher than it was in 1926. Will the committee tell me why we are not as prosperous to-day as we were then? I have the answer, and I think it is a sound one: It is because we are taking too much from the Canadian people in taxation, because our tax rate is higher than our capacity to bear, and because the tax rate is bearing down so hard on industry that, unless we reduce it in some way, we cannot hope to make the progress we ought to make.

I am going to quote one or two distinguished examples of men who hold a similar view. Take Henry Ford. He is the one outstanding manufacturer on the American continent who has recognized the fact that there are times when the best course is to strike out boldly, take the risk of a deficit, lower your price to the point where profits vanish, and trust to the increase in sales to make good.

There is another outstanding example, the American Telephone and Telegraph Company, the Bell Telephone Company here. They extended their lines, entered new territory; then they proceeded to develop their service at a lower cost, and they have given singularly efficient service at a reasonable price.

From the political standpoint the policy I suggest was always the policy of Gladstone, to look forward to expanding trade, to the development of the commerce of the nations of the world, and I ask this government and the Minister of Labour, and I would ask the Minister of Finance if he were here, to take their courage in their hands and strike out boldly. Remove three per cent from the top level of the sales tax. Knock off the old excise tax, which is a tariff in disguise, and if there is anything in national economy that is contemptible, it is a tax disguised and called one thing when it is really another. Going a little further, lower these impossible tariff barriers the first time the opportunity comes along, and that, to my mind, will be in the next budget. Going forward from that, we can have faith and courage, because we shall know we are on the right road and are on a sound basis. Then Canada will prosper because it has the men and the physical characteristics which make the men who know how to produce goods if only they are given the opportunity.