

back to the restrictive practices of orthodox finance and orthodox industry. It seems to me that there is a danger that money is to be put back on its throne as the primary criterion of action, and that human need, which has been our guide during the war, is to be dethroned. If so, our fighting men will have fought for a democratic order in which social and economic justice is still sorely lacking. Let us remember always that policies for war and policies for the reconstruction period after the war are indeed one and indivisible. I shall revert to the question of reconstruction before I close. At the moment I want to examine the equity of the budget in relation to the present fiscal year and its incidence upon our war effort.

The minister has properly directed his attention to the plight of the low income group upon whom, in my opinion, the financial burdens of war have borne and are bearing too heavily. Before I make any proposal I wish to take exception to the reference made by the minister to taxation in other countries. Even supposing his comparisons happened to be fair, would the fact that another country overtaxes its poor justify Canada in following a similar course? The minister stated that the New Zealand rates bear more heavily on the low income brackets than do the rates in force in Canada, but what he did not say is that the New Zealand rates include the five per cent social security levy.

Mr. ILSLEY: I did say that.

Mr. COLDWELL: I read the speech very carefully, and it must have escaped me.

Mr. ILSLEY: I said that it included national security and social security taxes.

Mr. COLDWELL: The whole inference, however, is that which I have stated and which has been conveyed many times by hon. members who are associated with the hon. gentleman. To-morrow we are going to welcome the Prime Minister of New Zealand. Let me say that sitting around the Prime Minister are those who last summer, during the Ontario provincial elections, circulated a pamphlet declaring that the New Zealand government's policies were worse than those of nazi Germany. Yet the spokesman for the government, and the official opposition, will welcome the Prime Minister of New Zealand here to-morrow afternoon. I say that the criticism that is often made of other countries does not take everything into account.

For example, the rates which are in effect in New Zealand relieve the population there of very heavy obligations. They do not require the same life insurance, they do not require

[Mr. Coldwell.]

the same health insurance, the same medical fees, the same medicine, the same hospitalization, and so on. Those things are met out of what are sometimes referred to as tax levies in this sister nation of the British commonwealth. So I say that when we come to appraise what is happening in another country, let us be fair about it and say what the people of that country are getting for the levies they pay. By comparison, Canada falls well at the foot of the list of nations with social security programmes.

I turn now to the minister's proposal that forced savings be abandoned. Let me say to him at once that I am glad it has been found possible in the light of our financial position to lower the total levies upon these people. That, of course, is the immediate effect of the proposal, and I am glad it has been found practicable to risk this reduction without danger to our war effort. However, what the government proposes is in effect the taking away of the rose and leaving the thorn. If it is necessary to collect money from the low income group, why should it not be taken in the form of refundable savings rather than in the form of pure taxes? What we propose is this: let the full amount to be paid by the low income groups at the new rates be paid in as savings to be returned with interest after the war. Pure taxation could start with the higher incomes, and at such a point the proportion of refundable savings could taper off. The rates on the lower incomes proposed by the government can remain in force; the same total revenue would be made available for the war effort, but the burden on the substandard wage and salary earners would be lightened through the return of their payments after the war.

I believe that when I say this I speak for the vast majority of the Canadian people. Statistics of the 1941 census revealed that sixty-two per cent of all—I would draw attention to the word "all"—wage and salary earners made less than \$950 a year. If these people must be taxed, let some or all of their taxes be refundable after the war. If exemptions are not to be raised substantially above the present levels of \$660 for single persons and \$1,200 for married, surely what we propose is the fairest course of all. I think our proposal will be found both equitable and practical. Refundable savings in the hands of those who will need them most in the post-war years is highly desirable. In the minister's own words, "a reserve of savings will be of great value to the individual and the nation after the war."

Needed purchasing power would thus be put into circulation to assist in maintaining employment. The danger of inflation during