

If the general public fall for that kind of shell game, then P. T. Barnum's famous words are true. The minister said that he was proposing to concentrate the reduction in taxation almost entirely in the field of personal income tax, while conveniently obscuring the fact that he was piling another \$10 million reduction on the \$279 million melon that big business had presented to them in the previous budget. In addition to this, the excess profits tax will disappear entirely before this fiscal year is over, which, in the ultimate end, means that the personal income taxpayer is at the short end of the bargain.

When we look at the table on page 2552 of *Hansard* we find that the Minister of Finance expects a revenue of \$325 million from the sales tax, which is an increase of \$27 million above last year. It must be borne in mind, as has been pointed out on previous occasions, that the sales tax bears most heavily on those who can least afford it, and should have been reduced or entirely eliminated from everything except those articles which are out-and-out luxuries. But in his hurry to eliminate the excess profits tax the minister could not see his way clear to do so. He even turned a deaf ear to the kiddies in their plea, and continues to filch pennies from them when they buy their pop and candies. Here is another gem from the minister's speech at page 2559 of *Hansard*:

A short time ago in this house I urged Canadian business men to reduce their prices as their volume and efficiency of business expand. I stated that it is neither proper nor even good business to charge all the traffic will bear. I want to emphasize that view again now. We in the government, and the vast majority in this house and in this country—

I believe he took in too much territory there, I may interject.

—believe in what is now called "free enterprise." We believe in it not as a windy doctrine or a mystic ideology, but as a sensible way of getting things done.

I will prove to him before I am through what that is worth.

It must prove itself and justify itself by its results. With the orderly removal of controls, with increasing supplies of material, with efficient and cooperative labour—

He does not want much, does he?

—and with ample markets, Canadian business enterprise is in a most favourable situation. We all expect it to show its mettle both in production and in marketing. We expect it to show its ability to keep down costs and prices.

And how, I may interject.

In its own long-run interest, as well as in the national interest, business must keep its prices down and its profits within reason.

What a hope! Yes, what a hope! I have here a clipping from the *Rural Co-operator* entitled "Surprise":

It is only a year ago that the Right Hon. J. L. Ilsley, then Minister of Finance, solemnly told parliament that the wartime prices and trade board had assured itself that even with an increase of 12½ per cent in implement prices the manufacturer would be earning for the ensuing year profits less than the average of 1936-1939. It must have been a surprise, therefore, to Mr. Ilsley when he learned the other day that Massey-Harris Company Limited had, in 1946, at \$2,125,569, its highest net profit since 1929.

Later on, the same paper says:

The one-hundredth anniversary of this company is therefore an occasion for rejoicing, although perhaps more so along Bay and King streets than out on Ontario farms. One index of the progress of Massey-Harris during 1946 was a net gain of four points in the listed value of the common stock. This meant a gain of thirty per cent on capital for anyone who shrewdly bought at the beginning of the year and sold at the end of the year—and, it should be borne in mind, such a gain would be untaxable income. Let a farmer buy a herd of purebred cattle at the beginning of the year and sell the same animals at the end of the year at thirty per cent gain—and he finds the profit on buying and selling that stock is taxable income.

The *Rural Co-operator* says further:

There would be more justice and wisdom in taxing the speculator's gain and exempting the farmer's.

I most heartily concur in that statement. This is not the only company that showed these profits. Just before I came to the chamber there was a slip on my desk referring to the *Toronto Star* of May 6, wherein it is said that an average increase of 54.9 per cent in net profits is revealed in the annual reports for 1946 of twenty-seven industrial companies. Again I say to the minister, what a hope!

We in this group and most of the organized farmers agreed to the wheat agreement, believing that the government would hold the price line on the cost of living and production. But the government's action during past weeks caused many of us to believe that once again we have been betrayed, and this budget proves that suspicion. I wish that every farmer in the country could read the speech of the Minister of Finance and then read the one by my leader, the member for Rosetown-Biggart, because I am certain that at least eighty per cent of those farmers would vote for our subamendment wherein we express regret that the government failed to raise income tax exemptions and failed to make provision so as to enable more than half the population who are compelled to live on incomes below the present exemptions to have an opportunity to improve their standards of living.