

Mr. FAIR: I shall have more to say at eight o'clock, but in response to what the minister has just said let me say that discrimination has already placed the farmers in a very bad position, so bad that many of them have been forced right out of existence.

At six o'clock the committee took recess.

### After Recess

The committee resumed at eight o'clock.

Mr. FAIR: When the committee rose at six o'clock we had just been advised by the Minister of Finance that farmers would not be exempted from the income tax class, and during his reply he stated that he did not want to discriminate against any class in this country. That, I believe, is a reasonable stand to take, provided it applies all the way around, but in a number of cases we find that the shoe is on the other foot, and on different occasions during this and several sessions in the past we have tried to point out how farmers were discriminated against. My reason for asking that they be exempted from the income tax was, in part at least, to find out some of the reasons for this discrimination and the directions in which it is applied.

Before the dinner recess the question of wages for the farmer's wife and family came up, and we learned that the policy of the government is the same as it has been. I might point out that a married man in the city who works in industry is entitled to an allowance of \$1,200, which is the married man's allowance, while at the same time his wife, also working in industry and getting a good salary, is entitled to an allowance of \$660, or a total for both of \$1,860 exemption for income tax purposes. I am wondering whether it is not discrimination when this treatment, extended to the man in the city, is not applicable to the man on the land. I might point out also that the man on the land and his wife work time and a half compared with those in the city, so that, again, a little discrimination arises there, with no financial allowance being made for it.

I come to the question of board for help on the farm. Fifteen dollars a month or fifty cents a day is allowed. With present prices in the city and present costs on the farm, I do not think that \$1 a day for board is too much to allow in computing income tax returns; and as soon as I have finished the few remarks I have to make, I would ask one or other of the ministers to tell us what he intends to do in connection with that item.

The question of soil depreciation was brought up. The Minister of National Revenue told us that there was an allowance for fertilizer to keep the land in good condition, but I would point out to him that fertilizer is, as a rule, used up in the same year in which it is applied, and does not in the long run take care of soil depreciation. This, I believe, is another case in which depreciation should be allowed.

In connection with the prices we are receiving for a number of our products to-day, I might remark that when the prices of our grains and other products were set and frozen, no worse time of the season could have been picked as far as the farmer was concerned. The time set was September 15 to October 11, and that, as we all know, was the time when the crops were being taken off, when hogs and other stock were being finished and made ready for market. The effect as far as farmers are concerned was extremely detrimental, because prices were frozen at one of the lowest levels of the year.

Another matter I should like to bring to the attention of the Minister of National Revenue is that of the farmer collecting tax from his help. Only this morning I had a bitter complaint from a farmer in the northern part of my constituency who had hired a man last year at \$40 a month, that when he went back this year to hire him the man refused to work for him because he had collected that income tax last year. On Thursday last I pointed out that a number of farmers had lost their help to other farmers because the one who first hired the man collected the income tax or national defence tax. That is not being applied all round, and for that reason the man who is trying to live up to the law is penalized.

I would point out once more that the farmer's net income is not really net income. As a result of government policy in the past we were forced to produce at far below cost of production. On that account we were not able to pay our debts as we went along, and now that we have a few dollars to spare and apply on our debts, that should go out as expense, and it should, to some extent at least, be charged to expense because it is not in reality a net revenue.

I know, and I think everybody knows, that the farmer pays directly or indirectly the income taxes and all other taxes of most of the people in Canada. These taxes are unloaded and included in prices to the farmer, and he is compelled to pay them all. I might say that it is my desire, expressed on another occasion here this afternoon, to see every farmer in the income tax class; then, neither I nor anyone who has spoken for the farmer in the past will need to advocate his case in the