

criticism. The amendment starts out in this way and I read only that portion to which I intend to refer:

This house regrets that the proposals of the Minister of Finance (a) offer no relief from the oppressive burden of indirect and hidden taxes on staple necessities that compose the family budget, all of which taxes directly increase the cost of living;

(b) offer no encouragement to those engaged in the development of our natural resources, especially mining and agriculture.

As I looked through *Hansard*, the only place where I could think that the Conservatives were making reference to the high cost of living and the treatment which they would give, was at page 2802. This is what the official critic of the Progressive Conservative party had to say:

I want to say a word about inflation, just a word dealing wholly with the question of money supply. The minister did not deal with that, and in a way I was sorry that he did not because I think it is important. I think it is important for us to remember that the means of payment in the hands of the public, that is to say, the money or its equivalent which people have in their hands, is two and a half times what it was in 1939. It was then \$2,400 million and now it is \$7 billion. I would urge strongly that that huge amount should be reduced, and incidentally I am glad to see the minister the other day began a measure of reduction by partly paying off a maturing loan out of the government's own resources.

I would interpret that to mean that the Conservative opposition are concerned about the tremendous rise in prices; they apparently blame that on the fact that the people have so much purchasing power in their possession and therefore would reduce that purchasing power. The only way in which I could see that they would effectively reduce the purchasing power would be by raising the taxes. I am sure the people of Canada would not at all appreciate having their taxes increased beyond their present levels. If that is the solution the Progressive Conservative party would apply if they were in power, I think that would be even a worse day than we are witnessing at the present time. Then the amendment goes on:

(b) offer no encouragement to those engaged in the development of our natural resources, especially mining and agriculture.

The only reference I can find to this, in an offhand way, is on page 2803, where the financial critic had this to say:

Fifty years ago the man who retired with a modest competency could get five or six per cent on it and he could reckon on living the rest of his life upon the proceeds. What happens today when he receives three per cent? And he is lucky if he gets that.

[Mr. Johnston.]

There the financial critic is very much concerned because the government has endeavoured to lower interest rates. I would take strong exception to that. I think interest rates are much too high. I need not make further reference to that at this point, because I intend to deal with it later on. However, those were the only two points I could find in the criticism of the budget, so again I say the people of Canada would have a difficult time if those were the only solutions the Progressive Conservative party had to offer.

Let me now deal more specifically with the budget and the manner in which I think the people of Canada are taking it. Those of us in this house recall quite clearly that, before this budget was brought down, the tax exemptions were \$750 for single persons and \$1,500 for married persons. As social creditors we have always maintained that the tax exemptions should not be less than \$1,200 for single persons and \$2,000 for married persons.

Mr. MICHAUD: They ask a lot more than that in Quebec.

Mr. JOHNSTON: I said "not less." If the hon. gentleman will just listen, I think he will find that my statements are quite accurate. That is the unfortunate thing about the hon. member who spoke yesterday, and I intend to refer to that later on. He does the same thing; he sits here but he does not listen carefully, and he gets the wrong impression. Let me repeat; we believe the exemptions should be not less than \$1,200 for single persons and \$2,000 for married persons, and in a few moments I hope to be able to convince the hon. member that this is not asking too much. As a matter of fact, it is not sufficient, and really should be higher. It is true that some relief was given by a reduction in the rates, but when that is interpreted in terms of dollars and cents the relief is very little indeed. Let me refer for just a moment to the table put on *Hansard* by the minister; then I do not think we shall be so optimistic about this thing. If we refer to page 2556 of *Hansard*, a married taxpayer with no children and having an income of \$1,800 would pay \$68 for this year at the present rates. For the year 1947, with six months at the present rates and six months at the new rates, he will pay \$52, or a saving of only \$16. No one will seriously contend, not even members on the government side or the Minister of Finance himself, that \$16 is very much relief to a taxpayer. Then a married taxpayer receiving \$2,000 would pay \$118 at present rates and will pay \$94 during the full year, a reduction of \$24, or \$2 a month.