

it is anticipated that the world demand for wheat will eventually increase so as to take care of the situation, there remains the immediate problem of disposing of the wheat now at hand.

In presenting his budget the Minister of Finance (Mr. Abbott) made the welcome announcement that there would be no tariff increases. Our economy is dependent upon exports and any steps taken by the government to curb international trade is bound to have an adverse effect upon the export of our produce. The minister admitted that considerable pressure was being put on the government for tariff protection in various industries, and he is to be commended upon the stand he has taken in this regard. We therefore welcome the minister's announcement to the effect that there will be no tariff increases, and we agree with his opinion that tariff increases are not in the best interests of Canada.

In his budget speech the minister referred to the fact that there had been a return to normal competitive conditions in world markets, and he pointed out that any retrograde step towards protectionism at this time would jeopardize any prospects for real progress in this country.

On this occasion I also wish to commend the minister on the consideration given by him to the municipalities in the matter of exemption from sales tax of road machinery and fire-fighting equipment purchased for their own use. The purchase of such equipment is usually a substantial item in any municipal budget, and the saving through this exemption will be of assistance to the municipalities who are hard pressed to find the required moneys to provide essential services in their communities.

In the face of the rigidity of our expenditures caused by commitments for social security, health measures and defence, there was little room for tax reduction. During the war public works were curtailed, and therefore we are faced with a backlog of required public works which also require attention and money for their completion.

The opposition decry the fact that no substantial tax reductions were made, yet a reading of *Hansard* during consideration of the estimates, particularly those with reference to the Public Works Department, discloses that the demands for increased public works for public buildings and other public structures emanated from the opposition benches.

Resolutions have appeared on the order paper in the names of hon. members of the opposition during the course of the session

requesting further extension of expenditures in the field of health and social security. Had the government acceded to all these requests I can assure you, Mr. Speaker, that the budget brought down last Tuesday would have reflected in no uncertain way the extent of such commitments which would have had to be passed on to the people of Canada in substantially increased taxation.

There is, however, one aspect of the budget which has caused me considerable concern and that is the reduction in net farm income. The white paper tabled before the presentation of the budget shows that net farm income had declined by almost 14 per cent in 1953 from the level of 1952. It explains that more than half of this decline can be attributed to a reduction in the volume of agricultural products produced and a small portion perhaps to the four per cent reduction in the farm labour force. I realize that with the rehabilitation of Europe markets for our products are not as readily available as they were in the war and immediate post-war years, and that agriculture as well as industry must face the fact that we are today faced with competitive markets and must therefore regulate our production costs accordingly.

The wholesale price index published in the budget papers appended to *Hansard* of April 6, 1954, discloses on page 3781 that the wholesale price index of fully and chiefly manufactured goods, which are mainly the goods required by farmers, rose from 211 in 1950 to 227.8 in January, 1954, while wholesale prices of Canadian farm products dropped from 236.7 in 1950 to 209.4 in January, 1954. It is therefore obvious that the farmer's cost of production has risen sharply in the past three years while his return has substantially dropped in the same period. The situation is becoming serious and on this occasion I would ask the government to give serious consideration either to referring this matter to the standing committee on agriculture or to setting up a body which could be a committee of this house perhaps to study the matter of this increasing spread in order to determine what remedies, if any, are available to solve this growing problem.

This being my first address in this house, I should like to take this opportunity to commend this government and particularly the Minister of National Health and Welfare (Mr. Martin) for the progress which has been made in the field of national health. For the past four years I have been closely associated with one of the phases of the health program, namely the construction and equipping of rural hospitals. In my own constituency of