

wonder the government of the day felt inclined to do something if Canada was to prosper and the empire was to move forward as a unit. In the course of a few years, as a result of the efforts made by the Liberal government, the total trade had doubled. In 1897 it was around \$105,000,000 and by 1911 it had reached \$246,000,000. In 1926 it had gone up to the \$600,000,000 mark, and in 1927 to a total of \$756,000,000.

With reference to the articles placed on the free list and the cuts made in the tariff I have not the time to-day to deal with these matters as fully as I should like. However, we have had a cut in the sales tax. The Liberal party, as might be expected, has the interests of the people at heart. A number of articles have been exempted and a number, including boots and shoes, have had this tax cut to 50 per cent of the general tax, or $1\frac{1}{2}$ per cent maximum. It is true that tax was originally 3 per cent. It is true that this government raised it to 6 per cent, and afterwards reduced the amount successively to 5 per cent, to 4 per cent, and to 3 per cent. The only reason why the sales tax was increased in the first place was that we had a debt to pay. And when it was increased, pyramiding the tax was effectively stopped. Not only had that debt to be paid but it was necessary to balance the budget, and so the sales tax had to be raised at the source. To-day, after having balanced the budget, after having developed a large empire trade and a large export trade, after Canada has been placed on her feet commercially and is making such tremendous progress, the sales tax has been reduced from 4 per cent to 3 per cent. I believe the policy of the government is to cut down that sales tax still further and gradually to eliminate it in the course of the next two or three years.

There are a number of members in this house who think that the income tax ought to be adhered to, and that if we can raise forty-seven or fifty millions of dollars a year from this source we ought to continue to do so. I am inclined to support that point of view but there is this fact to be borne in mind: We want to know exactly in what direction we are heading and we must adopt a policy of some sort. If that policy is not satisfactory to all it cannot be helped. We must go forward, we must drive ahead, we have got to take our stand. We must tell the people clearly and definitely just what we propose to do. Although the government is not telling us what its definite policy is on the income tax, I take it for granted that a 20 per cent reduction having been made in income tax, its desire is to continue lowering

[Mr. McIntosh.]

the income tax so as to make it possible for the provinces gradually to adopt direct taxation. Some people argue that the more the income tax is reduced the more likely we are to have indirect taxation through the medium of the tariff. I believe there is something in that argument. Nevertheless the government has communicated its policy to the house and to the country, and it is for hon. members to declare where they stand in the matter of reduction of taxation.

Mr. McGIBBON: Is the hon. member speaking for the government when he says the tendency of the government is to do away with income tax and leave that field of direct taxation to the provinces?

Mr. McINTOSH: I thought I had made it perfectly clear that I was not necessarily speaking for the government but merely expressing my own views.

Now I should like to deal for a few minutes with the question of immigration. I was talking with one of our members on this question and he said "Do not discuss that, it is too dangerous." I have no hesitation in discussing it. I never saw anything yet that I was afraid to discuss, either in this house or out of it, when the matter was one which concerned the people of Canada and the development of a truer Canadian spirit. There is no doubt but that the immigration question is a very important one. It is a very big problem and has been with us ever since confederation. So important is the immigration question that the government has announced its intention to have the whole subject investigated by a committee. That is the right course to pursue. In my opinion we need immigration in Canada, we need millions more people. We have vacant lands to be settled, and primary industries that must be manned in order to develop the country. I believe that for immigrants we should have the best class of people, not only in Great Britain, not only in Norway and Sweden, but in other countries of northern and western Europe. First of all our object should be to bring in Britishers. We should get the very best people we can from Scotland, from Wales, from England and from Ireland. Then, we could bring immigrants from northern and western Europe. But any immigration policy adopted should receive the united support of all parties in the house. Then we might reasonably expect to attract hundreds of thousands of people to our shores as we did not so many years ago.

We often hear people speak about the "foreigners" of western Canada. I am not using that name in any disparaging sense and