

are not satisfactory, because they are paying off the mortgages plastered on their farms in the years of depression, particularly between 1930 and 1939. That which would be classed as income is not real income, because it goes out by way of expenditure in payment of debts.

Prices now fixed by the wartime prices and trade board in accordance with government policy do not permit the farmer to receive the prices to which he is entitled. Until farm prices are on a proper basis I fear the farmers and the Department of National Revenue will have their troubles. There is no way out of it. As I said before, we had in the past and we still have our prices fixed, not at cost of production but at a level which satisfies someone else, someone who is getting a nice living off the farm, but who does not contribute anything to farm production.

There is a way out of this difficulty, if the farmer wishes to take it. Therefore, with costs increasing as they are, and the other inequalities the farmer must put up with, I feel quite satisfied I am not asking anything out of the way when I ask that they be exempted from payment of income tax.

It has been said that the farmer should be allowed to include in his cost of production wages for his wife and those members of his family who work on the farm. If the government does decide—and I hope it does not—to have the farmer pay income tax, then I do not see why the farmer's wife and those of his family who work should not receive wages. It has been pointed out by the hon. member for Muskoka-Ontario that the wife of a man living in the city can work in a factory, from which she collects wages. Against those wages her husband is exempted to the extent of \$1,200, and I understand the wife can also claim the exemption of a single person, namely, \$660, making a total exemption of \$1,860. If that is allowed in the city, why not extend the same privilege to the farmer in the country? It is just one more case of adding a little more insult to injury.

Another reason why the farmer should not pay income tax is that, on the average, he works time and a half, or one and a half times as many hours as any other class of workers in Canada. In some instances farmers work twice as many hours; and when they work on the farm they certainly do not fool around. I can make that statement clearly to the committee, because after twenty-nine years of experience in western Canada I know something about it.

I should like to commend the Minister of Finance for his policy with respect to the collection of taxes from farm help. In 1941

[Mr. Fair.]

farmers were asked to collect the national defence tax. I know of some farmers who collected that tax, and then lost their help to those who did not collect it. If a tax of this kind is imposed, I would ask the Minister of National Revenue not to ask the farmer to collect the tax from his help.

Possibly I should not say anything further until I hear from the minister as to what he intends to do about leaving the farmer out of the income tax class. In connection with book-keeping on the farm, it is my belief that books are not kept on more than one per cent of farms. On the average, the farmer is not trained to keep books; and if he did keep them, I do not think he would stay on his farm more than a year, because only a very small percentage of farmers can show an actual profit.

Mr. GRAYDON: He has not the time to keep books, anyway.

Mr. FAIR: I know that. But that is one more penalty being imposed upon him. After the minister gives his reply I may have something further to say.

Mr. WOOD: Mr. Chairman, I wish to say—

Mr. PERLEY: How about the bathroom?

Mr. WOOD: Farming is such a clean life I do not need one. Is it eleven o'clock?

The CHAIRMAN: Shall I report progress?

Mr. NICHOLSON: The Minister of Finance has pointed out that my figures were not accurate. I wish now to make a correction in the figures I quoted from the pamphlet. The amount left for a person with a \$14,000 income is—

Some hon. MEMBERS: Order.

Mr. NICHOLSON: I am simply making a correction before eleven o'clock.

The CHAIRMAN: The hon. member for Brant will have the floor to-morrow.

Mr. GIBSON: Before the committee rises I move the following amendment:

That resolution No. 7 of the resolutions to amend the Income War Tax Act be amended by deleting the words "31st March" in the last line thereof, and substituting therefor the words "30th of April."

Resolution stands.

Progress reported.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.