Some hon. Members: Agreed.

At one o'clock the house took recess.

The house resumed at three o'clock.

INCOME TAX ACT

Hon. Douglas Abbott (Minister of Finance) moved the second reading of Bill No. 6, to amend the Income Tax Act.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, before the second reading of this bill I should like to make a few remarks and take a few parting shots at the government, because this question of income tax is a serious one for the Canadian people, and it is very closely related to the rising cost of living, inflation, and possible shortages.

We in this group believe that of all taxes the income tax is the fairest one. It is the fairest in every way. In particular we are opposed to indirect and hidden taxes. If we were in power we would remove them as quickly as possible.

While in this bill there is no provision for any increase in the personal income tax, and to that extent many Canadians may be led to believe that they will not suffer, we believe the majority of Canadians will be taxed to a far greater extent by the rising cost of living.

This group and other hon. members have done their best to present the experiences of the past to the government and the house. They have done their best to present evidence as to the cost of living, and the effect of the income tax in that connection. They have used logical arguments in the presentation of their case to the government, and have done their best to voice what is without doubt the majority opinion of the Canadian people. Regardless of those efforts by a comparatively small number of members in the house, so far as the suggestions of this and other groups are concerned the government has remained unmoved with respect to the excess profits tax, the increase of taxes on corporations, and the increase of taxes on those in higher brackets.

This group and others in the house have presented their arguments repeatedly, until I am sure their representations have become almost boring to hon. members on the government side of the house. And what do I find in the issue of the *Financial Post* for September 16, 1950, which reached me today? It is likely that the house will soon adjourn and hon. members will return to their constituencies. We leave here with a definite sense of insecurity so far as the future is concerned. The *Financial Post* is regarded as a reliable paper dealing with prices and financial matters in this country. We see in a heading that cement and brick grey markets are growing. Another heading states that there is a steel pinch ahead in consumer goods. There is reference in another heading to higher prices for pulpwood, including, of course, paper products. All through this paper one finds articles indicating possible shortages and possible increases in the prices of commodities.

I do not wish to take up the time of the house for more than a few minutes, but I would call the attention of hon. members to a paragraph which deals with retail food prices. It states:

Retail food prices uptrend is shown in the following table for Toronto (all prices based on comparable items from the same store):

(Toronto prices, cents)

	June 15	Now
Bread, loaf	·15	·16
Round steak, lb.	·85	·96
Hamburg, lb.	·57	·63
Bacon, lb. (back)	·89	·99
Peameal bacon	·79	·72
Butter, lb.	·57	·58
Fresh milk, quart	·19	·19
Coffee, lb.	·85	·89
Shortening, lb.	·31	·32
Sugar, 5 lbs.	·47	·53

Those are accurate food price figures taken from one store in Toronto showing the comparison of prices as between June 15 and now; and it is indicative of the situation now facing the people of Canada.

We have consistently urged higher taxation by way of excess profits tax, a higher corporation tax and a higher tax for the higher income groups, and as I said before, without results.

What an opportunity the government has lost in this supplementary budget to impose these higher taxes as requested by members of this group and of other groups in the house. This would do three things. First of all it would assist in the prevention of inflation, pay for the additional cost involved in the administration of price controls, and pay subsidies where necessary to equalize the cost of goods to producers and consumers. If the government had seen fit to raise these taxes, as suggested, it would have prevented any further expansion in capital goods which will create shortages of labour and materials and bring about rising prices, while at the same time it would have provided funds to carry on a price control and subsidies policy. Had the representations of this group been recognized by the government, it would then have given meaning to the high-sounding phrases we have heard on several occasions from the government benches.