

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): The Radio Act of Canada provides that only Canadian citizens may broadcast with radio sets in Canada. The law in the United States is exactly the same. Therefore when Americans bring broadcasting sets across the line, the apparatus is sealed at the boundary—there is no great inconvenience to the owner—so that it cannot be used for broadcasting in Canada. The same practice prevails with regard to a Canadian car going into the United States. Later there may be a change in the law, but until that change is made on a reciprocal basis the present practice must be continued.

Mr. GRAYDON: Are many automobiles involved so far?

Mr. HOWE: I suppose the number is considerable—perhaps a few hundred; but it is small in proportion to the number of automobiles passing across the boundary.

THE BUDGET

DEBATE ON ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Friday, May 9, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell (Muskoka-Ontario), and the amendment to the amendment of Mr. Coldwell.

Right Hon. J. G. GARDINER (Minister of Agriculture): The discussion on the budget has been proceeding since two weeks ago tomorrow, when the Minister of Finance presented his first budget to this house. On that occasion we were all inspired by the manner in which the speech was delivered, and those of us at least who sit on this side of the house were also inspired by the contents of the speech and the proposals made therein. We have been listening during the past week to a discussion carried on for the most part from the other side of the house. That discussion was introduced by the hon. member for Muskoka-Ontario (Mr. Macdonnell) speaking for the official opposition, and his speech was followed by one made by the leader of the C.C.F. party (Mr. Coldwell). Each of those speakers introduced an amendment to the resolution, and I presume that it is those amendments which we were discussing during the greater part of the last week.

In order that the house may be reminded of the contents of the first amendment I

[Mr. Graydon.]

should like to read at least a part of it. The financial critic of the official opposition has set forth his opposition in an amendment which, apart from his reference to the dominion-provincial conference, is stated in two criticisms, namely, 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 . . .

I am not going to read to the house the part of the amendment which has to do with the dominion-provincial conference because I intend to confine my remarks largely to what is contained in these first two sections.

The hidden taxes referred to are no doubt customs duties, excise tax, sales tax and taxes which might be termed excise or special taxes. They are estimated to net the government \$1,045 million. The direct taxes are estimated at \$1,155 million. In other words, each of the two forms of taxation is estimated to bring to the government approximately the same amount. There has been considerable criticism particularly of the indirect taxes, which will bring in about one-half the net revenue. It has been somewhat of a surprise to me that the official opposition should rest their case largely upon a criticism of the indirect taxes which are to be placed upon the people of Canada during the next year.

In my reading of the history of Canada, particularly its political history, I have always been under the impression that the members of the Conservative party were strong advocates of the indirect system of taxation, and that the Liberal party, over a long period of years, had been a strong advocate of the direct system of taxation. As a matter of fact in the convention of 1919—shortly after the Conservative government of the day, during the first war had brought in for the first time an income tax measure—the Liberal party went on record not against the income tax itself but against the manner in which it was being administered by the then government, and indicated to the people of Canada that it was a part of any taxation system which might be placed in effect in Canada by a Liberal government.

I have said that I was surprised that the official opposition should take the position which they took with regard to indirect taxes. But when one reads the amendment carefully, one does not need to be so much surprised. All that the amendment says is that