

for that statement a certain Mr. Morrison, Secretary of the U.F.O. I happened to read in a local newspaper that Mr. Morrison was speaking to a number of farmers in Ontario, and he was credited with the statement that there was not a farm in Ontario that was paying the interest on the investment. I am surprised that an intelligent audience should listen to that line of argument. If he were to compare the condition of the farmers of Western Ontario to-day with their condition ten years ago, we would find that they are fairly wealthy.

Hon. Mr. SCHAFFNER: Does Ontario export any cattle?

Hon. Mr. DONNELLY: I will deal with that question in a moment or two. The honourable gentleman also said that there was no money in raising cattle, because cattle are not exported. Conditions are very different to-day to what they were when cattle were largely exported. I remember that at that time the very finest cattle raised were exported to the old country, and the poorest were eaten in this country. To-day things are different, and that Ontario is the market for the best cattle. A large quantity of meat is being shipped from that province. If you go on the Toronto market to-day you will find that what is being exported is a class of cattle usually called canners. I am well aware that there is no large export trade in live cattle, but there is a large trade in meat, not only from Ontario, but from all parts of Canada.

My honourable friend has said that the rural population in the province of Ontario has been decreasing. That is quite true; but I have never felt like admitting that that was any evidence of a lack of prosperity on the part of the farmers. I am speaking from my knowledge of conditions in Western Ontario. Great advances have been made in farming methods, and many of our people have gone into stock-raising and have made money. With improved machinery and so much land used for grazing purposes, it does not require much more labour now to operate three or four hundred acres than it did to operate a hundred acres a few years ago. The result is that where a family formerly occupied only fifty or a hundred acres, to-day they occupy three or four hundred acres. That largely accounts for the decrease in the rural population.

My honourable friend had something to say about the packers of Ontario. I have no brief to speak for them, and in doing

Hon. Mr. DONNELLY.

so I realize that I am taking a very unpopular stand. Owing to a certain propaganda, a great many of the people have the idea that the packers are pirates. I do not think that is the case. I do not think you would find anything to justify that view. I have had some experience with a lumbering firm who buy their meat direct from the packers, and I know that they can buy meat from the packers cheaper than they can buy it from the farmers in their immediate vicinity. Why is that? It is owing to the efficiency of the methods of the packers. They are able to remove the hides in a much more economical way, and they use the by-products more advantageously. The packers are not charging excessive prices. The middlemen may be. The packers, owing to the great volume of the business they do, derive great incomes, but their actual percentage of profit is not so enormous as one might think.

The honourable gentleman has referred to the question of taxation. I think there is just a possibility of raising the income tax or the business profits tax to such an extent that it will defeat its own object. I will try to give an illustration of what I mean. Honourable gentlemen are all aware of the very high price of lumber in Ontario to-day. Many people wonder why prices have advanced so rapidly. I am going to give one explanation which I think is pretty well founded. We all know that for many years a great deal of southern oak has been brought into this country for use in connection with the furniture trade and for finishing the interiors of houses. The price of the oak has advanced very rapidly, being to-day about three times what it was three years ago. Owing to the advanced price of oak, our manufacturers have had to turn to domestic woods, and this has had the effect of increasing the price of our own hardwoods. You may say that increased taxation has nothing to do with that, but I am going to try to show that it has. The oak in the Southern States is largely held by fairly wealthy companies. They have to pay a very high business profits tax. They bought that timber for perhaps \$5 an acre, and they find, when the Government accountants go over their books, that they will allow them credit for only \$5 an acre for that timber. To put it briefly, the result is that if these people cut the oak and sell it at the present high prices, they will have to pay out practically all that it is worth, so they prefer to let it stand until conditions change. That, I believe, is responsible in a large measure for the in-