

grace from some of those on the other side of the house. Part of the amendment reads as follows:

This house regrets 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.

In that regard the Minister of Agriculture (Mr. Gardiner) made this pointed observation a few days ago. Many hon. members heard him. He said:

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.

A big principle is introduced in the amendment, but let us see how it works out in practice. Much of the record, almost the whole record, of the Conservative party is manifest in their consistent raising of indirect or hidden taxes. We all know that. During the last Conservative regime, tariffs were raised to a startling degree. Sales taxes were raised. An excise tax of three per cent was placed on all imported goods. Taxes on lower incomes were raised; postage was raised; taxes on cheques were raised; nuisance taxes were levied and taxes on sugar were inaugurated.

Let us compare, say the fiscal year ended March 31, 1941, with that ended March 31, 1945. So far as the three chief hidden taxes are concerned, in 1941 customs duties made up 16.8 per cent of the national revenue; in 1945, only 5.37 per cent. Another hidden tax, the excise tax, represented 11.3 per cent of the national revenue in 1941. That was down to 7 per cent in 1945. Sales taxes represented twenty-three per cent in 1941 and were reduced to 9.7 per cent in 1945. The total of 51 per cent in 1941 was reduced to 22 per cent in 1945. That is the answer so far as hidden or indirect taxes are concerned. With regard to direct taxation—and I mean taxes that were not hidden—the present government came right out into the open. Income taxes and excess profit taxes, which five or six years ago formed only 28 per cent of our national revenue, now form about 60 per cent of it. There is nothing very much hidden about that; it is not nearly so hidden as is the implication in the amendment to which I have referred.

[Mr. J. E. Matthews.]

Paragraph (b) of that amendment expresses the criticism that the proposals of the budget: offer no encouragement to those engaged in the development of our natural resources, especially mining and agriculture.

This is another complaint which I am going to diagnose for a few moments. I do not pretend to know anything about mining conditions. Those were well discussed a few evenings ago by the hon. member for Cochrane (Mr. Bradette). But representing, as I do, just about the best agricultural constituency in Canada—and I have seen most of them—I propose to make a few remarks along agricultural lines, keeping in mind the purport of paragraph (b) of the amendment, particularly as it applies to western Canada. I do this because I think we are all agreed that there is no more accurate measure of our financial progress than is afforded in the realm of agriculture. In the maritimes, reports from Nova Scotia indicate that the farmers of that province netted \$5,000,000 more in the year ended November 30, 1946, than in the previous twelve months. The Dominion Mortgage Investment Association reports that farm mortgage debts in the three prairie provinces are now less than one-third of what they were at the end of 1937. The research department of the United Farmers of Canada, referring to Saskatchewan, announces that during the years of crop failure and low prices there was a farm debt increase in that province from an estimated \$200 million in 1930 to over \$600 million in 1939, despite debt cancellations and adjustments. The research department now estimates that over two-thirds of that 1939 debt or, in other words, \$400 million, was liquidated during the years 1942 to 1946. While the average debt per farm in Saskatchewan in 1939 was estimated at \$4,398, the debt in 1946 was estimated at only \$1,466, or less than one-third. That is certainly some accomplishment in seven years.

A statement appearing in the press a few days ago indicated that in 1946 alone Manitoba farm mortgage and agreements of sale debt was reduced by 23 per cent, and that since the end of 1937 this reduction amounts to no less than 76 per cent; certainly another great accomplishment. I am almost tempted to remark that this accomplishment was achieved under the beneficent reign of a Liberal government. The farmers of Manitoba no longer depend entirely on the wheat crop. They are following diversified farming, largely and successfully.

I wonder if it was possibly the Ontario farmers whom the hon. member for Muskoka, Ontario had in mind when he suggested in his