(*Text*):

The budget speech presented by the Minister of Finance contains, no doubt, advantageous measures for the Canadian taxpayers as a whole, which is at least a step in the right direction. In my opinion, however, the government has not gone far enough, and that is what I tried to prove in my remarks in French.

In certain fields the minister has totally neglected to attempt to remedy some urgent and serious situations, namely a reduction of the 10 per cent sales tax, an increase in the basic exemption in personal income tax, and an increase in the deductible amount for each child, whether or not he be eligible for family allowances, and particularly in regard to the unemployment situation. I would be inclined to support the amendment of the Conservatives, but they forgot to acknowledge the partial result accomplished in some fields by the present budget. For this reason, and having considered all the budget proposals, I have decided, after long hesitation, to vote for the budget introduced by the Minister of Finance.

May I say that I am entitled to declare that my opinion is also shared by my independent colleagues.

Mr. J. Watson MacNaught (Prince): Mr. Speaker, before this debate is concluded there is one matter I should like to bring to the attention of the house. Before doing so, however, I wish to congratulate the Minister of Finance on his first budget which has been so well received by the people of Canada.

At this time I think I should also express the thanks of the people of my province to the government for the announcement that the support policy for butter will be continued. Dairying is one of the important branches of the agricultural economy of Prince Edward Island, and most of our farmers depend upon dairying to some extent for their livelihood. I well remember hearing the late Premier Jones, who was one of the outstanding farmers of Canada, say that if it were not for dairy cattle Prince Edward Island would turn into a sand bank. It was therefore with a great deal of satisfaction that our dairy farmers heard the announcement that the support price would be continued for another year.

The matter about which I rose to speak, however, has to do with the statement in the budget speech that the tariff agreements on potatoes between Canada and the United States would be referred to the tariff board for study. This announcement was well received by potato growers all across Canada. I was further pleased to read in the newspapers over the week end that the Minister of Finance had referred the matter to the tariff board and that the hearing had been set for June 13.

I think at this time it would not be inappropriate to bring to the attention of the house some of the history of the potato tariff agreements between Canada and the United States for the last 35 years. In 1929 the United States duty on potatoes from Canada was 50 cents a hundredweight. On the other hand, Canada had a duty of 35 cents a hundredweight on potatoes from the United States. On June 18, 1930, the United States increased its duty from 50 cents to 75 cents per hundredweight. This increase resulted from the Hawley-Smoot revision of the United States tariffs.

In May of that year Canada introduced what was known as the countervailing duty. This stipulated that if another country imposed a duty on Canadian potatoes an equal duty would be imposed on imports of potatoes into Canada from such country. In September, 1930, the countervailing provision was deleted from the tariff and a rate of 75 cents per hundredweight was substituted. It will be seen, therefore, that for a certain period of the year 1930 the duty on potatoes was the same in both countries.

In 1931 there was no change in the United States tariff. The Canadian government, however, changed its tariff regulations to permit the free entry of seed potatoes. In 1936 the duty on table stock potatoes going from Canada to the United States was still 75 cents per hundredweight. The duty on seed potatoes, however, was reduced substantially. A quota was set whereby 750,000 bushels of seed potatoes would be permitted entry into the United States at reduced rates. During the months of March to November the rate would be 45 cents per hundredweight, and from December to February it would be 60 cents per hundredweight. The reduction resulted from negotiations between the two countries and was bound in the Canada-United States trade agreements of 1936.

These rates continued until the year 1939, when a quota was placed on table stock potatoes going from Canada to the United States. Under this quota 1,000,000 bushels plus any amount by which the United States department of agriculture's estimate of the domestic crop fell below 350,000,000 bushels would be admitted at the reduced rate of 37½ cents per hundredweight from March to November and, if the quota was not completed, at 60 cents per hundredweight from December to February. The ex quota rate on table potatoes remained at 75 cents per hundredweight. The quota rate on seed potatoes was further reduced from 45 and 60