

The truth of the matter is that there are very few farmers whose incomes for taxation purposes reach beyond the exemptions set by law, and even if they had such incomes they would prefer to pay income tax to paying either tariff taxes or sales tax. It is the belief of all farmers' organizations that reduction of taxation, as it becomes possible, should take place by reducing and removing those protective duties on imports which increase the cost of living and production in preference to a reduction of other indirect taxes, such as the sales tax, and that the income tax should be maintained at substantially the scale then in force. Farmers want the retention of the income tax, not on the basis of any class interest but on the definite principle of equity in taxation and the desirability of taxation being direct rather than indirect. They do not ask the repeal of the sales tax, as an indirect tax, until after the existing duties on imports have been removed, since they regard the sales tax as somewhat less injurious than the tariff.

The income tax in 1926 produced \$55,571,961.57, and after the 10 per cent reduction the Finance minister estimated that the income tax would, in 1927 produce \$47,900,000, a loss of over \$8,000,000 from this source. Of course, the government has been bombarded by all the large income tax payers, who naturally want relief. The argument that the income tax reduces funds available for investment in industry has been worked overtime. Of course it is quite true. But all taxes have the same effect. When the farmer pays his various taxes, visible and invisible, he has just that much less money to invest in the development of his own industry. But it must be remembered that the income tax is the only federal tax which compels people to contribute to the cost of running the country in proportion to their ability to pay. We do not believe that the income tax, even before this last reduction, bore unduly or unfairly upon any one. It should not be forgotten also that just as the income tax is reduced so will the proportion of indirect taxation increase, and a heavier load will be placed upon those least able to carry it.

Last year's budget has been described as a rich man's budget. In view of the further cut in the income tax I know of no better name for this year's budget than to call it the richer man's; for where the man who is capable of paying last year paid 10 per cent less, his income tax this year virtually becomes 20 per cent less. At this rate it will soon be eliminated, and this means that the great majority of Canadian people

[Mr. Luchkovich.]

will hereafter pay taxes to the federal authorities only upon consumption in the form of tariff duties, which go to the treasury when paid upon imported goods, or to the manufacturers, who, under shelter of the tariff, can charge higher prices for competing articles of domestic production.

Why should we in Canada be so anxious to reduce the income tax when countries like England and the United States still retain it? Why should the Minister of Finance lend a willing ear to these who are best able to pay, many of them still enjoying the fruits of war profits, and then thrust the burden upon the backs of the common people? In the United States 64 per cent of their taxes come from the income tax, in Canada less than 14 per cent. Last year the income tax brought \$48,000,000 to our treasury. Why should the government wish to reduce it? Not on the ground of equity, for it is the most equitable of taxes; not on the ground of visibility, for it is the most visible of taxes; not on the ground of certainty or convenience, for it is the easiest tax in the world to collect. There is absolutely no justification in the world for reducing the income tax in view of the paltry reductions made in the tariff. In view, therefore, of the staggering figures of our huge war debt, and in view of the almost negligible reduction in the tariff, I see absolutely no justification for the minister lowering the income tax.

The average man at home looks upon the member at Ottawa as a person who is supposed to "bring home the bacon". In the old parties it means getting as much patronage for your supporters as you possibly can; and in this respect I look upon the Postmaster General (Mr. Veniot), as the grand daddy of them all; in a word it means "to the victor belongs the spoils".

The phrase about "bringing home the bacon" was coined by the old negro mother of Joe Gans, the prize fighter. On the eve of one of his greatest battles she said: "Joe, I expect you to get into that ring and win; your old mammy will be praying for you, so don't forget to bring home the bacon". Thus when I speak of "bringing home the bacon" I mean bringing home victory for those who sent us here. What we want is a square deal for the farmer, nothing more and nothing less; but how can we do it when the Minister of Finance continues to sizzle our bacon to a frizzle? The farmer wishes to get the same equal treatment for his industry that the manufacturer is getting for his. I should like to dissipate the view held on this side of the house that we in this corner are a band of outlaws come out from the wild and woolly