

That is news to me with regard to butter; nevertheless it is here.

—and on many other articles which go into the cost of daily living.

I should like to ask, who are these people who do not have an income of \$1,500 per year upon which to pay taxes? They are the day labourers, the odd job persons, some small dealers, and the farmers. It is stated that about thirty per cent of Canada's population is on the farm, and that only 3·7 per cent of the farmers paid income tax in 1946. It is not claimed by anyone in Canada, including the inspectors, that any more than seven per cent ought to be checked as to whether they should pay or not when one examines the records. What I want to say is that if we are correct in supposing that some 30 per cent of the people live on the farms, and that very few of them were able to pay income tax in 1946, then we can conclude that of the one-half who are not liable for income tax, almost 60 per cent of them are living on our farms.

When one looks at the situation from that point of view he gets a different result from asking the question: What was the effect of changing the subsidy over into a price and making the consumer pay another ten cents a pound for butter? It should be recalled that the only reason why the consumer was not paying 48½ cents per pound for butter was that the government was paying a subsidy of ten cents a pound on butter fat which works out to 8½ cents a pound on butter. So the price was down to the consumer who bought butter, but the farmer also got his butter at the reduced price if he bought from the creamery. In this instance the public is being told that as the subsidies are taken away, then the amount which was in the subsidy is being replaced in the price; nearly everyone in Canada either wants to eat butter or does eat butter, and instead of charging a tax on all the people of Canada and then making it up to them on the price per pound for butter, they are going to ask the people to incorporate it in the price.

Let me say again that I am surprised that a member from an agricultural constituency should question the advisability of doing that kind of thing at this stage. The government undertook in 1941, when price control was inaugurated, to keep in mind what the farmers did in the war years following 1941 to assist in maintaining a low cost of living. The fact was that all food products were purchased in Canada at a lower cost than elsewhere. I should like to say to some people who are raising the question today, not only in this house but outside of it, that every consumer

[Mr. Gardiner.]

in this country owes something to the farmers of Canada because of the fact that throughout the whole war period, from 1941 down to the present, food in Canada has been cheaper than in any other country in the world. If it becomes necessary to adjust that situation we should look at all sides of the picture before jumping into print in order to criticize.

In order to assist in maintaining this low level the government started to pay producer subsidies on dairy products in 1942, some months after controls had been put on, and increased them from time to time down to 1945. In 1943, feed grain subsidies were paid to producers. In 1944 the Agricultural Prices Support Act was passed as a guarantee that our undertakings of 1941 would be carried out. They have been. The Conservatives say that the production is down, and the C.C.F.'ers say that subsidies have been removed from time to time and that the cost to the consumer has gone up. Let us agree that both statements are correct. After we have agreed to that, let us examine the farm income for the period from 1941 down to the present, remembering that the volume for sale has been down in the last few years. The gross cash income was as follows:

1941 .....	\$ 967,600,000
1942 .....	1,155,900,000
1943 .....	1,441,000,000
1944 .....	1,846,200,000
1945 .....	1,704,100,000
1946 .....	1,759,300,000

The volume was down in 1946 compared with 1945, but the income was up, indicating that not only did we maintain the subsidy plus the price, but we did a little better. Is there anyone in this house who would argue that the farmer is not entitled to it? Judging from this debate the Conservatives object to the price of butter being higher than it was from 1926 to 1929. Judging from this debate the C.C.F. object to the price the farmer does receive finding its way into the price to the consumer. The government believes that during the transitional period from war to peace we should guide the farmer and the consumer back into a sound relationship under which they can deal with one another. We shall endeavour to protect both from any middleman who tries to take advantage of seasonal supplies, either to get his product too cheap or to sell it too high. The fact is, however, that the farmers' income is higher over the last three years than ever before. Even with lower marketings of some products in 1946 as compared with 1945, the gross returns are increasing.

I wanted to make these few remarks in this debate for two reasons. In the first place, I wanted to congratulate the Minister of