

Special War Revenue Act

people. The fact of the matter is, however, taking any form of taxation, that a given sum of money which goes into the treasury, it matters not whether it comes out of a sugar tax or a tariff or what not, must come out of the people of the country. That fact, I submit, should be borne in mind.

Mr. MALCOLM: Is my hon. friend going to ignore the selling value of imports to this dominion?

Mr. RHODES: I was dealing with the question entirely from the point of view of revenue, which was the point under discussion, because otherwise the discussion is not germane to the question of the necessity for raising revenue by means of a tax on sugar.

Mr. RALSTON: We pay for it in goods; that is all.

Mr. MALCOLM: It has to be paid for.

Mr. RHODES: I quite understand that argument. If hon. gentlemen will take the trade of the country, both imports and exports, they will find that we are the fifth trading country of the world. They will find that, having regard to relative trade conditions in other parts of the world, our trade stands just as high in volume as that of any other country in the world and just as high relatively as it has ever stood in the history of Canada.

Coming back to my hon. friend, while I do not want him to think that I wish to answer his argument by the "you are another" method, I feel I must check him up in one or two respects. He referred to the fact that private business had reduced salaries to the vanishing point, and stated that while he recognized the government was not in a position to make the same drastic cuts as those made in private business, he felt nevertheless that there could be a still further reduction. May I point out to my hon. friend that when we asked the civil servants of Canada to make a modest contribution by way of a salary deduction of ten per cent, hon. gentlemen opposite occupied the time of this house for three solid weeks. That contribution amounts only to some \$8,000,000, or less than one half what we hope to realize from the tax upon sugar.

I commend my hon. friend for the constructive character of his suggestions. I know he makes them not as criticisms but as patriotic suggestions in view of the seriousness of the condition of this country. I grant him that very freely, but when he suggests that we might take one cent off the sugar tax and put a four cent a pound tax upon tea and a five cent per pound upon coffee in substitution thereof, I must point out what we might

[Mr. Rhodes.]

expect from such a substitution. Last year we imported into Canada 42,000,000 pounds of tea. With a tax of four cents per pound, which would be double the duty under the British preferential, we would obtain in revenue \$1,680,000. Last year we imported into Canada 38,000,000 pounds of coffee. A five cent tax would bring in a revenue of \$1,900,000. There would be a total revenue on these two taxes of \$3,580,000.

Mr. HACKETT: The hon. member suggested two cents per pound on tea.

Mr. RHODES: The hon. member for Stanstead says that the hon. member for North Bruce suggested a tax on tea of only two cents per pound. That makes my argument just twice as strong. However, taking the tax at four cents per pound, the total revenue would be \$3,580,000 or just one-third of what it is anticipated a one cent tax on sugar would bring in.

Mr. YOUNG: It would help a little.

Mr. RHODES: Yes, but it would not offer a substitute for a one cent tax upon sugar.

Mr. MALCOLM: The minister could broaden the list to include other luxuries.

Mr. RHODES: That is quite true. My hon. friend did something else for which I commend him. He had the courage to make succinct and substantial suggestions by way of economy. We get much of this, more particularly from the press. I do not object to criticism, in fact I welcome it especially when it is based upon fair motives and is not captious or small political criticism—I use the "p" in the small party sense. Let me say to my hon. friend that I think he was fair in his criticism in respect to the national research council. During an earlier stage of the committee I made reference to certain economies which had been made, and I pointed these out in the letters which were written to certain chambers of commerce. I did not then nor do I now suggest for one moment that the government has made as many economies as it should or as it could. I believe we will have to make still further economies, and the suggestions made by my hon. friend are sound. I may say to him that for some considerable time past the preliminary steps have been taken which will lead up to the very economy he has in mind. You cannot prune a tree with an axe; you must use a more delicate instrument if you wish it to survive. You cannot use rough instruments upon the delicate machinery of governmental service, and you cannot make the same drastic reductions as can be made in private enterprises. It is altogether different in the service. I