

who state that we are discriminating against our own manufacturers when we contemplate bringing in goods from the United States free of sales tax. Taxes are paid in other countries besides Canada. A short while ago I had occasion to look up the rate of taxation in the United States based upon the national income, and economists state that the rate of taxation, federal, state and municipal, on the national income of the United States, is, if I remember correctly, over nineteen per cent, according to the best estimates. The rate of taxation on the total national income in Canada is less than that; it is about eighteen per cent. These taxes of the United States find their way into and are reflected very largely in the prices of goods, and taxes are paid there just as they are paid here. It is not correct to say that these goods have not been subjected to any corresponding taxation in the United States and that therefore our producers are being discriminated against. There are certain commodities on which the tax is higher in Canada than it is in the United States, that is, in respect of a particular commodity; but that is not true in the aggregate. As the Minister of Finance has pointed out, on some commodities the rate of taxation in the United States is higher than it is in Canada. If we were to adopt the hon. member's suggestion we should be removing, say, fifteen per cent duty on certain articles and reimposing upon them an eight per cent tax.

Mr. STEVENS: Pardon me; all goods coming in now are subject to the eight per cent sales tax.

Mr. DUNNING: No.

Mr. STEVENS: What goods are not?

Mr. ILSLEY: There are many exemptions.

Mr. STEVENS: Oh, not very many.

Mr. DUNNING: Yes, a very large list of exemptions.

Mr. ILSLEY: There is a long schedule of exemptions relating to a very large number of tariff items. But apart from that I am afraid it would be regarded as an evasion of our responsibilities if we were to impose a sales tax upon goods brought in under this provision. From an administrative standpoint it would not only surprise and startle a great many people but annoy them beyond measure if, particularly now that the sales tax is eight per cent, we were to impose an eight per cent sales tax upon goods exempted from duties by this item, when no such tax is imposed on goods going into the United States.

Mr. NEILL: I have received a number of letters, some of them from merchants, endorsing this item. Merchants at the coast appear somewhat to fear that if we refuse reciprocity with the United States in this matter at this time it may be used as a lever for Americans to remove the privilege they accord their citizens of bringing in from Canada one hundred dollars' worth of goods free of duty, a concession which has proved very profitable to our merchants at the coast. I notice that the minister has, very properly, put restrictions on the privilege—once in four months, in respect of a stay of forty-eight hours, and so on. Does he not think the item would be improved if he used the word "adult" residents? To allow children of tender years to bring in a hundred dollars' worth of goods is palpably open to an abuse of the spirit of the thing.

Mr. ILSLEY: That matter is under consideration in the department and by myself at the present time. To a very large extent I agree with the hon. gentleman. It would perhaps be an abuse of language to say that a child of five years has personal baggage. That baggage is the baggage of the parents.

Mr. WHITE: Or acquired by them.

Mr. ILSLEY: Yes, or acquired by them. What I have in mind is that an age limit, perhaps sixteen years, should be fixed. Below that age limit the articles will be deemed to be the baggage of the parents or the persons accompanying the children; above that age it will be considered to be the baggage of the children if it belongs to them.

Mr. CAHAN: It is difficult to trust to one's memory with regard to legal matters when one has been away from the practice of law for a number of years. But I was under the impression that, in order to safeguard the interests of provincial treasuries and the revenues derived through liquor commissions, this parliament at some stage passed ancillary legislation which made it illegal, for instance, to convey or transport from one province to another intoxicating liquor with the intention of evading the strict provisions of the provincial laws.

Mr. DUNNING: That is correct.

Mr. CAHAN: In the province of Quebec, for instance, if a citizen of Montreal desires to drink a certain kind of wine or a certain kind of whisky the only legal way in which he can do so is to purchase it from the liquor commission, if they have that class of goods on sale, or else request the liquor commission to import certain quantities of that class to