

turnover. Therefore, the manufacturers of this country are not asking for an excessively high tariff. They want only a moderate tariff, and I think that the people of Canada on the whole, considering the financial position of the country and the necessity for revenue, are satisfied, broadly speaking, with the Budget that has been brought down by my colleague the Minister of Finance.

There is another fallacy that is very often preached. The consumers and the farming community are told that the tariff is framed for the manufacturer alone. They are told: You have been paying tribute to the manufacturer for too long a time, while he really has his heel on your neck and his hand in your pocket—and all that sort of thing. Now, I want to say this, that the competition in Canada is so keen between the various producers in each line of business, and the country is so vast, that there are no combines or interests such as can compel the consumer to pay more for his goods than such prices as would show a reasonable and fair margin of profit over the actual cost. Some people say that when a manufacturer or wholesale merchant estimates his cost he adds on to his product not only the factory expense, but the selling expense as well, and also the full amounts of duty and freight. Being identified with a large number of interests in this country, all I can say is that I have never found any intelligent progressive manufacturer who would do such a thing. It is necessary for the manufacturer to keep his costs and also his margin of profit down and I do not believe that there are very large manufacturers in Canada who would be unwise enough to put the full amount of customs duty or the full amount of freight on manufactured goods. I know many manufacturers in the East who sell their goods f.o.b. Winnipeg at the same price as they sell them f.o.b. in large eastern cities where their plants are located. They do this because it is necessary to their business.

I believe, Mr. Speaker, that all that this country needs is a better understanding between the various interests. I have heard it said that the large Western representation we have in this House is really a menace to the manufacturing and financial interests of the East. I for one, do not believe for a moment that that is so, and I think I am speaking also for the majority of business men of Eastern Canada. Quite on the contrary, I think it is well that we have so many representatives of the West in Parliament. By carefully listening to their views we get a better understanding

[Mr. Ballantyne.]

of their need and, on their part, a consideration of the opinions of eastern members gives them also a better understanding of eastern conditions. So that I for one, am pleased that we have so many able representatives in this House from our Western provinces, and I do not believe that there is any cleavage whatever between East and West. I will admit that possibly there is a misunderstanding between the two sections of Canada, but, as I say, I hope there will be more co-operation between western and eastern interests, for in that even we shall hear less comment on the divergence of views on fiscal policy than, unfortunately, has prevailed too long in this country. I am perfectly satisfied with the income tax, and I think that most people are. It is a heavy tax, but those that have money should feel no regret in paying their income tax. I have not, nor do I think the commercial and financial interests of the country have, any fault to find with the Government for raising the income tax to a parity with that of the United States.

With regard to the war profits tax, a great many representations have been made to the Government by wholesale houses and manufacturing interests on this ground: That war profits taxes being so heavy, if a merchant or manufacturer makes 12 or 15 per cent net profit, the Government takes 25 per cent of it, and if he shows 25 per cent profit, they take 50 per cent.

In addition to that, after he has provided for the usual expenses in a business, depreciation and bond interest, then the Government take eight per cent more of the remaining net profit. The business men state that that will prevent them from an extension of their factories or warehouses, an extension of their business, and that it also impairs their borrowing power. I can quite understand that, because when this heavy war profits tax is taken, and eight per cent of the net profit as well, it reduces the surplus shown on the annual balance sheet, and has a tendency to create the viewpoint among those engaged in business that there is not much use in putting their full energy and skill into it because the Government takes so much of their profit, and it also curtails their borrowing power. For all that, the Government was perfectly justified in maintaining the war profits tax in view of the big national debt and the necessity of keeping up our revenue.

Neither of the two hon. gentlemen who have spoken on the other side have made