

Customs Tariff

was this. It is clear that because of provincial laws no person or business concern can import liquor into Quebec or Ontario—possibly the same is true of other provinces—and there is something to be said for the argument that to incorporate in a statute of Canada a provision that a man may bring in up to a quart of whisky may be looked upon as action in direct contravention of provincial law. In my opinion it is not necessary to put it in the statute at all. The regulations could cover restrictions regarding liquor, tobacco, shirts, or any other article that might be brought in.

The other suggestion is this. I am subject to correction, but I understand that this exemption applies also to the sales tax.

Mr. DUNNING: Yes.

Mr. STEVENS: Is it quite fair to the Canadian business concern near the boundary to impose upon it an 8 per cent sales tax and a 3 per cent excise tax—well, we will leave the excise tax out—a sales tax which is absolutely a revenue tax, and, under this exemption, allow persons returning from the United States to bring in goods on which no sales tax is imposed? The sales tax has nothing to do with customs; it is a revenue tax on goods made in the country as well as on goods imported. Would it not be reasonable and sound legislation to insist that those who bring in goods under this exemption should pay at least the sales tax? After all there is no sales tax on goods going into the United States. It will be recalled by hon. members that the United States congress has, over a number of years, considered the imposition of a sales tax. I think a group comprising some 150 members of congress came to Ottawa a few years ago to study the question, but so far as I know there is no federal sales tax in the United States.

Mr. DUNNING: There are sales taxes in some of the states.

Mr. STEVENS: Well, we have similar taxes. Montreal collects two per cent, and there are other taxes that might be cited. But I am talking about the balance between the two federal authorities. While I recognize all the difficulties attendant upon this item, I think in return for the advantage granted to United States citizens coming into this country and purchasing Canadian goods, the concession here made is justified so far as tariff exemption is concerned; at any rate it is a part of the agreement, so that there is no use discussing that feature of it. But it does seem to me we are going too far when we exempt imported articles from the

[Mr. Stevens.]

eight per cent sales tax. I make two suggestions to the minister: first, that he delete the last five lines of the item and cover by regulation the provision regarding alcoholic beverages and tobacco; second, that goods given free entry under this item should not be exempt from sales tax.

Mr. ILSLEY: I thank the hon. member for his suggestions. I have been thinking them over as he has been speaking. I am afraid it would be impossible for us legally to make regulations limiting the amount of tobacco, cigars and cigarettes that should be brought in, in view of the wording of the first part of the item, because there would be nothing in the quantity or amount of the hundred dollars' worth of cigars, for example, or tobacco or cigarettes, to indicate that they were not for personal or household use or for souvenirs or gifts; and unless we also changed the first paragraph of the item, a person returning with \$100 worth of cigars, cigarettes or tobacco would be legally entitled to the exemption regardless of any regulations which the minister might make. Therefore it is necessary that the proviso be added in order effectively to eliminate the exemption in the cases referred to. The illustration cited as to cigarettes and tobacco is, I think, different from that of shirts, as put by the hon. member. It is quite possible that the minister might have power to make a regulation limiting the number of shirts which a man might bring back with him as if the number were too large it would be obvious that they were not for his personal use, or even brought in as gifts to friends and the importation would then assume the dimensions of a commercial transaction.

Mr. STEVENS: That is precisely my argument.

Mr. ILSLEY: Of course it could be limited by regulation. In such a case a regulation may be made, though I am not saying that it will be made.

Mr. STEVENS: A quart of whisky is a fairly generous personal quantity.

Mr. ILSLEY: A quart?

Mr. STEVENS: Well, my hon. friend comes from Nova Scotia, where, I admit, it may not be.

Mr. WHITE: Did you ever give a party?

Mr. STEVENS: I appreciate my hon. friend's astonishment.

Mr. ILSLEY: With regard to the sales tax, there seems to be what is in my opinion an unfounded assumption on the part of those