

through day after day, it is apparent to all that the treasury can easily forego the small amount of tax which will be derived from clothing and boots and shoes, in comparison with the vast bulk of the revenue of Canada. We have already voted large sums of money—in many instances unnecessarily—for expenditure this year, which sums might well be saved to the treasury, and as we proceed further with the estimates we will come upon almost page after page of similar and larger votes. By the practise of a little economy large amounts could be saved; by the practise of that economy it would be absolutely unnecessary to impose a tax on clothing and boots and shoes. We all use clothing and we must all wear boots and shoes; this tax is a burden upon every class of our citizens but, like all taxes, it is felt most by those in the poorer walks of life, and it will be a great relief to the ordinary people of Canada if this tax is discontinued. I would like to have the opinion of this House upon this subject, and for that purpose I have moved this amendment.

Hon. J. A. ROBB (Minister of Finance): Mr. Speaker, with the observation of my hon. friend that the sales tax is an expense to the country, and particularly the sales tax on boots and shoes and clothing, no person will find fault. Everyone admits that the sales tax adds to the cost of each commodity, and with the sentiment that as quickly as possible we should get rid of this tax we on this side of the House are in accord. That has been the policy of this government; we have been gradually reducing the sales tax.

I had occasion earlier this session to quote figures showing that at one time the sales tax on boots and shoes could have been pyramided until it was about eight per cent, but generally speaking at no time then was this tax on boots and shoes less than seven per cent. Under the act brought in by Right Hon. Mr. Fielding, I do not recall the year, we reduced the sales tax to a flat six per cent as the maximum; in 1924 we reduced the sales tax on all materials, and indeed on many commodities required on the farm that tax was eliminated altogether. On articles required for production, such as agricultural implements, dairy utensils and articles used by fishermen and lumbermen the tax was eliminated altogether, and the general tax was reduced to a maximum of five per cent. But the sales tax on boots and shoes, which was previously as high as eight per cent and in most cases seven per cent, was reduced by this government in 1924 to a maximum of two and one-half per cent. Under the legislation of this

[Mr. Guthrie.]

year we have again reduced the sales tax on boots and shoes to two per cent—the maximum on boots and shoes now is two per cent—and we have also reduced the sales tax on clothing to four per cent.

Let me point this out to my hon. friend before I come to what I regard as the most serious objection to his amendment: As regards clothing you cannot take the sales tax off an ordinary suit of clothes such as members of parliament require, without taking the sales tax also off high priced gowns, seal-skin jackets, and all the other costly articles of feminine apparel. So the question is one of fairness in that regard. Is it not better that we should have lowered the sales tax as we did by a gradual reduction of twenty per cent all along the line, rather than have picked out a few articles of commerce and reduced the tax on those. But there was another and more serious reason. I think I can prove to my hon. friend that it is not in the general interests of the people he represents in parliament that we should take the whole of this sales tax off at once. There are throughout this country many merchants—in fact hundreds even thousands of merchants—with their stock bought. They have bought that stock on the basis of the sales tax as it exists. If you wipe that sales tax off at one stroke you do a great injury to many small merchants, particularly small country merchants, throughout Canada. I am convinced—I am free to admit it now—that in 1924 when we reduced the sales tax from six per cent to two and one-half per cent we made a mistake. We made a mistake because we placed many small merchants throughout the country in an embarrassing position. Letters came to the department from all over Canada asking for a rebate, and telling us: We have bought our stock; we bought those stocks of boots and shoes on the basis of a six per cent sales tax, and you have at one stroke reduced that sales tax to 2½ per cent. To that extent you have taken away our profits. You have placed a competitor who may come and open a store right opposite to us in such a position that we are not able to compete with him. I suggest to my hon. friend that if his amendment is adopted he will be doing great injury to many merchants throughout this country. In proof of that I have the statement, prepared after very careful consideration, of the Retail Merchants Association. I will admit at once that the large departmental stores that get rid of their stock quickly might look with favour upon this amendment, but the country merchants will not regard it with very great favour, be-