

Mr. ARCHAMBAULT: I understand that the clause as now drafted does not include oil necessary for asphalt purposes. Why take the duty off the other oil and leave it on this particular kind necessary for asphalt?

Sir THOMAS WHITE: We have removed the war tax on the oils mentioned in items 268 to 273 inclusive, and here we are merely removing the war tax on the petroleum that is used in the manufacture of these oils. We are not touching any other items; consequently we are not interfering with the tariff as it is upon the particular kind of oil to which my hon. friend refers.

Mr. ARCHAMBAULT: I think it would be good policy to remove the tax on this kind of oil. I understand that the only firm manufacturing this kind of oil in Canada is the Imperial Oil Company. Why should we give protection to this company? This point could be met by adding after the word "temperature" in the second line of this item the word "to 130 degrees."

Sir THOMAS WHITE: I am informed by the Commissioner of Taxation that the effect would not be as my hon. friend suggests. As I pointed out when these resolutions were previously under consideration, we are going to be short on ordinary account this year; we are not going to have enough revenue to pay our current expenditure, let alone capital expenditure; therefore, I am exceedingly reluctant to take the war tax off any item except those items which I have mentioned, embracing food-stuffs, clothing, boots and shoes, and so on. Ordinarily I should feel disposed to go a good way to meet the wishes of the hon. member, but when we are absolutely dependent upon the revenue derived from the duties on these other classes of goods, we have to be very strict with regard to the matter. It is not a question of affording protection to anybody; what we want to get is the revenue from this item.

Mr. ARCHAMBAULT: I move:

That item 267a be amended by adding after the word "temperature" in the second line thereof, the words "to 130 degrees", so that the item will read "at 60 degrees temperature to 130 degrees."

Now that the Government whips have called the members into the Chamber, expecting a division on this amendment, I suppose I would be in order, Mr. Chairman, in repeating my argument. Item 267a admits crude petroleum in its natural state free, but it does not admit free the oil necessary for asphalt paving. As I have

[Sir Thomas White.]

said, I understand that the Imperial Oil Company is the only company manufacturing this kind of oil in Canada. The Government have been encouraging the provinces to make good roads; there is a Bill before the House providing for the expenditure of \$20,000,000 for that purpose. In accordance with that policy, the oil which is necessary to the making of good roads should come in free, and that is the purpose of my amendment.

Sir THOMAS WHITE: Crude petroleum oil is not manufactured by the Imperial Oil Company or by any other oil company in Canada; therefore my hon. friend's amendment, if adopted, would not accomplish what he has in mind. The purpose of retaining the 7½ per cent war tax upon a long line of commodities is to give the Dominion Government the revenue which it greatly needs at this time; therefore we could not afford to take off the 7½ per cent to a greater extent than we have. We have taken it off those things which may be regarded as the necessities of life, and we have also had to take it off, in some cases, the raw material or fabrics used in the manufacture of goods from which we have taken off the 7½ per cent. The amendment of my hon. friend is meaningless; it would not accomplish the object he has in view, and should not be concurred in by the committee.

Mr. ARCHAMBAULT: If my hon. friend believes that my amendment is meaningless and would not accomplish the purpose that I have in view, will he support the amendment?

Sir THOMAS WHITE: I would not, for the reasons which I have given. I say that at this time we should not take the 7½ per cent war tax off the items not mentioned in the Budget, because we need the revenue. The first duty of the Minister of Finance is to meet his Budget requirements, and if amendments are adopted taking the duty off one item here, another item there, and so on all down the list, the result would be a loss in revenue and a greater gap between revenue and expenditure. For the sake of the credit of the country, it is my opinion that we should not go any further than we have gone in making these reductions.

Mr. McMASTER: I think that a further word of explanation is necessary from the Finance Minister. Item 267 of the former tariff schedule reads as follows:

Crude petroleum, fuel and gas oils, .8235 specific gravity or heavier, at 60 degrees temperature, Free Free. . . . Free.