

*Special War Revenue Act*

everyone else, as a result of taxation imposed in various forms, will be called upon to bear an additional burden. One would imagine that this tax was going to be paid by the individual householder. One of the advantages of the sugar tax, however, is this, that its cost of collection is nil. It is paid by six refineries in Canada, and the amount of sugar which goes into household consumption is only a fraction of the total quantity of the commodity used. The bulk of the sugar used goes into industry and will be absorbed in the cost of commodities manufactured from sugar. It is true that in households where there are large numbers of mouths to be fed, the tax will be an appreciable one; but I submit that as conditions improve it will be found to be a tax which can be borne more easily by the mass of the people than any similar tax I know of. This type of tax is perhaps new in Canada, but not in other countries, where there have been comparable taxes for years. In the mother country for example they tax essentials highly. Tea, throughout the years, has paid enormous taxation, and it may be considered almost as essential a commodity as sugar. The tax is purely a revenue tax, and I know of no other tax that can be borne more equitably by the people as a whole than this one.

With regard to the remarks of my hon. friend opposite who referred to what I had said about bringing home to the people the fact that they are taxpayers, I am afraid he had in mind something entirely different from what I intended. I did not refer to that mythical individual who is supposed to be the rich man; I am prepared to discuss the question of taxation as applicable to him so far as income tax is concerned. That, however, was not the class of people to whom I referred, but the great bulk of the people who heretofore have paid no taxes at all so far as they knew. Their taxes have been in the great majority of cases indirect, and this is the first time that direct taxation at the instance of the federal government has been brought home to the individual. The individual I had in mind was not the really wealthy man or the man of reputed wealth, but the common, everyday citizen of the country.

Miss MACPHAIL: I felt like speaking on the budget if for no other reason than to protest against this tax on sugar, and as I did not say anything then I will discuss the matter now. Sugar, it seems to me, is one of the last things that should be taxed, and particularly so steeply. Two dollars on a hundredweight is a very high tax to poor people. It is not much to people in good

[Mr. Rhodes.]

circumstances, I admit, and I am not concerned about them; but it undoubtedly is a severe tax to people who are struggling to make ends meet. I am thinking now of the country woman—the woman who goes out with her children, assisted on rainy days by her husband, and with great labour gathers berries and fruit, either wild or growing in her own garden, and preserves them to carry the family through the winter. I fancy the Minister of Finance has little idea how hard this tax will hit such people.

From the point of view of general business, the tax will also be quite injurious in my opinion. I believe I am safe in saying that infifty per cent of the homes in Canada, and possibly a larger number than that, the two dollars that will go to pay this tax would have been spent on some article very much needed for the family. People of moderate means have only a certain amount of money to spend, and the money that will be withdrawn from other purchases in order to pay this tax will mean that the retailer will sell less, the manufacturer will not manufacture, and the labourer will not work to the extent represented by that two dollars. Multiply the two by the fifty or sixty per cent of the homes in Canada that will be affected, and I think it is fair to say that this tax will definitely aggravate the depression and result in increased unemployment.

Most of the sugar used in the country, the Minister of Finance said, is used in industry. Let me point out to him, however, that even if it is used in industry it means an added cost to the consumer; it increases the cost of every article in which sugar is used and the general public will pay the difference. There is little doubt about that. It therefore makes little difference whether the bulk of the sugar is used in the homes of the country or in industry; the result will be the same to the consumer: he will pay the tax.

There are two or three ways in which the amount which it is expected that this tax will bring into the treasury might be secured. One method would be to continue the increase in the income tax, carrying the increase on into the higher income. I see no reason why people with very large incomes should be let off easily; I do not see why they should be treated better than those who have moderate incomes. Again, the agricultural stabilization fund will cost the government a good deal of money, although in my opinion it is one of the most needless things suggested. I say this because, had the government inflated Canadian currency sufficiently to bring the Canadian dollar on a parity with the pound sterling, the agricultural stabilization fund