

*Excise Tax Act Amendment*

term effect but the immediate effect of the tax. I contend that if inflation means anything at all it means a rise in prices. It is widely conceded, I believe, that this is the outstanding characteristic about a condition of inflation anywhere; and it must be perfectly obvious to anyone that this excise tax will have an immediate effect in causing a rise in the price of a good many articles the Canadian people want to buy.

Mr. BENTLEY: I am told the leader of the opposition does not believe that.

Mr. LOW: I do not know; I have not heard him say. But let me just say this, I contend that the tax will be immediately inflationary, and on two counts.

On the first count, in a direct way. For example, let us suppose a housewife goes into an electrical goods store and asks to buy an electric iron she has wanted for some time, but the purchase of which she has deferred because of the difficulty during wartime to get materials of that kind. Let us suppose that that electric iron is quoted retail at \$8; and I think that is the ordinary price for an electric iron, although I am no expert in the matter by any means. She will have to pay 25 per cent excise tax, thereby bringing the price of the iron up to \$10. Who in the world could argue that that is not inflationary, so far as the people who have to buy electric irons are concerned?

The minister may say that she can turn to something else as a substitute. But if she then proceeds to buy two sadirons which she can place on the top of a coal, gas, or electric stove she will find that the increased number of purchases of that type of iron will cause their price to go up. Certainly that is inflationary, from the direct point of view.

Then, on the second count, the tax is inflationary in an indirect way. I think even the minister expects that the tax will discourage the purchase of many commodities listed in the resolution. He implied as much when speaking in the house on the night of February 23 where, as reported at page 1543 of *Hansard*, he said:

In the great majority of cases they are articles, the purchase of which the people can defer for a time.

A great many people will defer the purchase of these articles because the tax makes them altogether too expensive. And that will make considerably more money available for the purchase of other goods, the prices of which are bound to go up because of increased demand. Especially is that so on things where prices are not fixed. It is inevitable that

[Mr. Low.]

such a situation will tend to push up prices generally. Surely no one will say that is not inflationary.

There is another phase of the matter to which I object strenuously. This tax will bring hardship to a great many Canadians. Returned men are trying to build and to furnish homes. There are families with children living in the country, where no ice is available for food preservation. There are farmers and businessmen who, for a good many years, have not been able to replace the old cars they have been using since, in many instances, before 1940. They will find it most difficult and in many cases impossible to buy new cars.

May I point out that today in a great many areas in Canada cars are looked upon as essential to farming. They are essential, if these people are to farm efficiently, as we want them to do. This proposed tax pushes up the price, and brings the lowest priced cars up by \$350 or \$400. Surely that makes it impossible for people to buy them.

There is another serious angle to which I object. It seems to me that the minister ought to ponder this carefully. I refer to the matter of loss of confidence on the part of the people who, all during the war, were urged to defer their purchases of a good many things and to put their money into government bonds. Virtually they were given a promise that, when the war was over, the government would do everything possible to see to it that they could buy those things which, for patriotic reasons, they had denied themselves during the war. I guarantee that if the government goes to the people of Canada again with a bond sale they will find out where the confidence of the people has been lost.

Mr. BURTON: They do not go to the people now. They go to their friends and get their money.

Mr. LOW: I have talked to scores of businessmen since this tax was imposed, and they complain that they have no more confidence in the government's ability to give leadership. I say it is essential and in the interest of Canada, its strength and its future, that the businessmen of this country should have confidence in the ability of the government to give leadership. But that is lost today.

Businessmen complain that they cannot plan ahead. They cannot stay in business, many of them, because they cannot get the goods, simply because of the imposition of this tax. The other day I spoke of an automobile dealer who had been accustomed to