

Special War Revenue Act

Mr. STEVENS: That is not six per cent on \$793.

Mr. DUNNING: In 1935 the commissioner tells me that a five per cent discount from the manufacturer's price was allowed in calculating the sales tax.

Mr. STEVENS: That does not cover the point.

Mr. DUFFUS: I am almost sure that I am correct when I say that the sales tax is based upon the factory price less the dealer's discount, and that it is the same all over Canada no matter whether the car is sold retail or wholesale.

The CHAIRMAN: Shall resolution 4 carry?

Mr. STEVENS: No; the minister promised to look up certain matters.

Mr. DUNNING: In connection with another item, but I think the committee might extend me the courtesy of passing this one, in view of the fact that discussion has been tolerated on another all afternoon.

Mr. STEVENS: Surely the time has not arrived that the minister says he is tolerating a discussion.

Mr. DUNNING: No, I said that discussion has been tolerated.

Mr. STEVENS: Well, members of this house have rights, whether they sit on one side of Mr. Speaker or the other. The trouble with the minister—I am sorry to say this—is that he has persistently refused to see the point some of us have been trying to make. I admit that some of my friends in the east think we in the west are a little touchy on this theme, but the long and the short of it is that we have been trying for the last forty years to build up industries in western Canada and we are under a severe handicap right along the line, the chief one of course being the freight. But as long as the principle disclosed here to-day applies in the application of the sales tax, a handicap is imposed upon anyone who attempts manufacturing in western Canada as compared with those in the east, a handicap that is not incidental to either cost of machinery or transportation except in so far as the tax is applied on the cost of transportation in Canada.

I would like for a moment to get away from automobiles as an illustration. Let us take, for instance, farm implements; it has been amazing to me that the farm implement industry has not developed in western Canada.

[Mr. Dunning.]

Now we have some idea of the additional cost imposed by taxation, and often a very few cents will either make or destroy an industry—

Mr. GOLDING: Is there a sales tax on agricultural implements?

Mr. STEVENS: I think there is; I am not sure of that. In any case—

The CHAIRMAN: With all due respect to the hon. member I think he is out of order in discussing farm implements.

Mr. STEVENS: Well, I think perhaps technically you are correct, Mr. Chairman. I said that I took them as an illustration, which is not entirely ruled out in discussion in this house. I was trying to get away from automobiles, about which the minister is a little worried and says that the committee has tolerated the discussion too long.

Mr. DUNNING: I did not say any such thing. I said that discussion has been tolerated this afternoon.

Mr. STEVENS: Well, I resent the suggestion that we should be described as being tolerated because we presume to discuss this item.

Mr. DUNNING: I did not describe the hon. member as being tolerated. My hon. friend is trying to put words into my mouth.

Mr. STEVENS: Well, let it pass. At the same time we are not entirely subject to the minister as far as our feelings go.

Mr. DUNNING: Allow me to have feelings too.

Mr. STEVENS: I am coming to this point; there is a thirteen per cent tax disclosed in this resolution, eight per cent sales tax and five per cent excise tax. There is no question that on cars assembled or in process of manufacture in western Canada there are imposed by the parliament sales and excise taxes upon the freight rate that goes into the movement of Canadian parts to the plant in the west. I submit that that is unfair. The finished product from the east may move to the west without any such imposition. We are not suggesting that there should be, but we are suggesting that the principle which applies to the finished product of an eastern factory should apply to the parts that go to a western factory, and that the incidence of sales tax in this instance should be equitable throughout the whole of Canada. Otherwise we impose a perpetual handicap on the development of industry in the western part of the country.