

cult task of trying to balance the budget, were not in my opinion as closely in touch with certain classes in the country who are finding it hard to carry on as those of us who have to return to our constituencies and there see exactly the problems which the people have to face for six or eight months of the year. I did not wish to insinuate that the minister did not care as much about the welfare of the people as I do, or is not just as much a humanitarian as I am. Certainly I do not want to create that impression. I must say however that the minister was not quite fair to me when he suggested that it was as difficult to raise price levels in this country as to transplant the lakes of Killarney to the region he spoke about. I cited Australia, and again I would point out that the price level there has stood approximately at eighty during the last two years, while in that period it has fallen in Canada from eighty to sixty-three. If the minister does not wish to reply to that point, it is quite all right; but I do not think he should suggest that it is impossible now to do anything about raising price levels in this country. And I think he will agree that if price levels were raised the receipts of the government through ordinary channels of taxation would also increase.

Mr. RALSTON: The thing we object to, and the thing I feel sure the minister finds most distasteful, is the fact which has been mentioned by one or two members of the committee, that two large classes of commodities are now being removed from the list of exemptions from the sales tax, namely, implements of production—at least a large number of implements of production—and the necessaries of life. My hon. friend is quite right in saying that many, perhaps quite a number, of these articles were taxable up to 1926—I have not had an opportunity to compare the records. He mentioned that date, I presume, as the date when they were taken off.

Mr. RHODES: That is right.

Mr. RALSTON: I would remind him, if I remember rightly, that they were also taxable in 1921. In other words, I think they were put on when the original Special War Revenue Act was passed, or very soon after the war. They were on in 1921 and in 1926 they were removed from the taxable class, and we had hoped that we should not find it necessary once more to tax these two particular classes of goods. In the list of implements of production I find spraying materials, materials used for disinfecting, electrical power ma-

chinery for farm uses, mining machinery, shovels and spades, and as regards the necessaries of life there appear in the list oatmeal, rolled oats, cornmeal, barley, split peas, rice, molasses, sago and tapioca, canned vegetables and fruit, boots, shoes and rubbers. We are sorry to see these things again taxable. Assuming that my hon. friend finds it necessary to impose further taxation—let us leave aside for the moment the reasons—may I ask whether he has considered the possibility of leaving goods of this description non-taxable and increasing if necessary taxation in connection with goods that might be regarded either as luxuries or as less necessary than these.

Mr. RHODES: My hon. friend has misunderstood the reference to the sales tax on spraying materials. The situation remains precisely the same as it was prior to this budget, except that we have taken out those processed and fancy commodities which in many instances sell at prices out of all proportion to the ingredients used—disinfectants for spraying, such as household insecticides, and that sort of thing; the range is comparatively small. But spraying materials used in agriculture are not subject to the tax at all. My hon. friend will find on careful analysis that, with the exception of some items, the items which we tax to-day are those which were taxed in 1926.

Mr. RALSTON: And 1921 too.

Mr. RHODES: Quite so. I mention 1926 for no special purpose except that it was the last year during which the tax was imposed.

Mr. RALSTON: And the year it was taken off.

Mr. RHODES: Yes; I mentioned it for no political reason. I was not suggesting any political significance. I just desired to indicate that as recently as that this tax had been imposed. Earlier in the afternoon I stated that the necessities of the treasury are greater to-day than they were at that time. Even as we have the list in the schedule to-day we still do not tax the number of commodities which were taxed under the sales tax as it was applicable from 1921 to 1926 inclusive. I might say to the hon. member for Shelburne-Yarmouth that I was rather surprised to find that canned fish was subject to the sales tax during that period. It is exempted under the present proposal.

Mr. RALSTON: I think it was under the original act.