

Mr. DEUTSCH: I must make clear to honourable senators that yesterday I covered the charter in a very general and summary form, without going into all the details. I do not want to create the impression that I covered everything, for I did not.

Hon. Mr. KINLEY: I was simply suggesting that article XI gives ample power to deal with the question that we were discussing.

Mr. DEUTSCH: Yes, article XI could possibly provide a way out, but I think it is not within the spirit of this agreement to use the article in that way.

Hon. Mr. KINLEY: The letter of the law is the thing that counts when you are interpreting a contract.

Hon. Mr. BISHOP: I suppose that at Geneva the delegates ate oleo-margarine?

Mr. DEUTSCH: Yes, I think we did.

Hon. Mr. BISHOP: And you all came back all right.

Hon. Mr. BOUFFARD: Is there anything in the agreement that would prevent a province from imposing a direct tax on an imported product?

Mr. DEUTSCH: That is partly an internal constitutional question, senator. There is no doubt that a province can impose a sales tax on both domestic and imported products. But if a province attempted to tax imports as such it would run into domestic constitutional difficulties, quite aside from any question of obligations under this charter. A province could not tax an article which was imported and of which there was no domestic production. There is a clause in the charter which says that you must not use this device as an indirect way of giving protection.

Hon. Mr. BOUFFARD: How would you prevent a province from taxing imports?

Mr. DEUTSCH: Some other country would complain, and you would be brought before the organization and asked to explain why you were not observing the provisions of this agreement.

Hon. Mr. BOUFFARD: The provinces are not a party to the agreement.

Hon. Mr. HOWARD: The provinces have not got power to put a tax on imports.

Mr. DEUTSCH: That is a federal matter.

Hon. Mr. MORAUD: A province can impose a sales tax on goods, whether they are imported or not. That is not a tax on imports; it is a regular sales tax.

Mr. DEUTSCH: In cases where the tax falls on both the domestic and imported goods there would be no difficulties, Mr. Senator, but if the imports only were picked out and made subject to tax there would be difficulties.

Hon. Mr. MORAUD: What would be the difficulties? The province has the right to do that.

Mr. DEUTSCH: Has the province the right to tax imports only?

Hon. Mr. MORAUD: If it desires to impose a tax on commodities not manufactured in Canada, it may do so.

Mr. DEUTSCH: Then in that case other countries could complain that we are using this device as a direct way of keeping out imports, and Canada would have to explain why she is not adhering to this agreement.

The CHAIRMAN: Could not the problem be answered in this way, Mr. Deutsch: Supposing one province, and for argument purposes we will take the province of Quebec, puts a tax on imports from the United States. The United