Mr. Ludger Dionne (Beauce): Mr. Speaker, many hon. members have already spoken in this debate on the speech from the throne, and no doubt many others will take part in it. It is not my intention to elaborate on its text. In taking part in the debate, I do so with the intention of exposing a situation which, to my mind, is not in the interests of the Canadian taxpayers and which is detrimental to the practical and economical administration of the Canadian government.

This afternoon I had the privilege of hearing my colleague, the hon. member for St. James (Mr. Beaudry), suggest a reduction of the income tax by 50 per cent. I think we can go further than that. We have on our statute books provision for a special sales tax of 8 per cent on a good many manufactured articles. This tax brings to the Canadian treasury a sum varying between $350 million and $400 million per annum. This tax costs the Canadian taxpayers thirty cents for every dollar of processed raw material. Yet it yields to the treasury only eight cents. The difference of twenty-two cents goes into profit of the various intermediaries, according to their various stages in the distribution ladder. This fact is easily verified. The instance I am taking is that of cotton goods, a requisite in every household in Canada including my constituency. Let us look at the tax and profit history of a shirt. When selling $100 worth of shirt fabrics, the textile manufacturer must charge 8 per cent sales tax. This material is then billed at $108 as cost price to the shirt manufacturer. The shirt manufacturer doubles this amount for making the shirt ready for marketing. He thus bills at $216 these goods converted into shirts. The wholesaler adds a profit of 25 per cent to his cost of $216—namely, $54—which brings his sales price to $270. The retail merchant who pays $270 for the goods adds his profit of 50 per cent or $135 which, added to his cost of $270, brings the retail price to $405, which is the price the consumer must pay for these goods.

If there were no sales tax of 8 per cent collected at the source, the same scale of markup would work out as follows. The textile manufacturer would invoice his goods at $100, the shirt manufacturer would bill his shirts at $200. The wholesaler would bill the same goods at $250 and the retailer would make his retail price $375. In other words, the $8 which the government has collected at the manufacturer's shipping department now costs the consumer $30, the difference between $405, which is the retail price with the 8 per cent sales tax, and $375, which would be the retail price after allowing the same margins of profit but without the original sales tax. This means that the consumer has, through the operation of the sales tax, paid $30 for what will bring $8 to the treasury. By the simple process of applying its 8 per cent sales tax at a different level of distribution, the government of this country could obtain the following results: not interfere with the margin of profit or the markup of any of the intermediaries of manufacturing or distribution; not modify the retail purchase price of any article of consumption, but increase its revenue by three and three-quarter times, and thereby eliminate the need of personal income tax to the extent of over one billion dollars a year.

The sales tax of 8 per cent at the source is yielding to the government a revenue of $400 million, in round figures. If the government collected $30 on the same goods instead of $8, they would get an approximate revenue of over one billion dollars, and nobody would be any worse off. Some hon. members may think it will create a problem to the government to collect the sales tax of 8 per cent on the retail level. This problem can be easily solved by compelling the retailers to put a stamp on the shirt. This stamp would represent 8 per cent of the retail price of the shirt.

I hope the government will listen favourably to this suggestion, because I cannot understand why they would any longer permit over one billion dollars to escape from the treasury and go into the cash of intermediaries who do not need it. With this huge sum of over one billion dollars the government could probably vacate the income tax field entirely.

How many times have I previously asked the government for income tax relief in favour of Canadian taxpayers. I will not repeat all I have said in previous years with regard to the income tax and the raising of the exemptions. Everyone here knows my views. This year I should like to add this. In the past I urged higher exemptions for the lower brackets. This year I am urging that all brackets can be almost fully exempted and by means which will represent no added burden to the taxpayers, either as taxpayers or as consumers.

I know that some people stick to the idea that the income tax is on our statute books until the end of humanity. They argue that it is the fairest form of taxation, owing to the fact that the higher the earnings of the individual the higher the taxes. The same reasoning applies to the sales tax. When a wealthy man buys a suit of clothes costing $100 he will pay $8 tax. When the poor man buys a suit of clothes costing $25 he will pay $2 tax. That is the favourite argument. Let me tell you that no matter how just in theory the income tax may appear to some people, it can never be entirely fair in its application, and