

Special War Revenue Act

Mr. DUNNING: My hon. friend knows better than that. The answer is that the western farmers have not had enough money to buy cars.

Mr. McGEER: They have bought plenty of cars.

Mr. STEVENS: The long and the short of it is that the plant was established in Regina to manufacture General Motors cars, but the sales tax on a car produced in Regina will be found to have been substantially higher, when that plant was running, than on a car produced in Ontario.

Mr. DUNNING: The tariff board made an exhaustive inquiry. The document from which the Minister of National Revenue quoted is a comparison of selling prices in 1935 of a Ford de luxe tudor in various cities of Canada and the United States. The various factors making up that selling price are given and in every case, as the Minister of National Revenue says, the sales tax factor is identical no matter for what city in Canada the price is quoted. I prefer to take the evidence of what I believe was a thorough inquiry, but again I will check it, or the Minister of National Revenue will check it, between now and eight o'clock, to find out what really is the situation. I have before me the information in regard to another make of car analyzed in exactly the same way, and with the same result all across the board. I used the Ford because that was the car about which the allegation was made.

Mr. ROSS (Moose Jaw): It is assembled in Winnipeg.

Mr. YOUNG: A long time ago I asked a simple question, but a great many other matters have intervened. I was not asking anything with regard to the manufacture of parts in the two hundred plants that have been mentioned; I asked this specific question: If a car is made in Windsor and is sent in a knocked down condition to Winnipeg, where it is finally assembled, would the price on which this special excise tax as well as the sales tax would be based include the freight from Windsor to Winnipeg? I am not just sure on that point. I understood the Minister of National Revenue to say no, but I understood the Minister of Trade and Commerce to say that it was included. As a matter of fact I think it actually is included. What has been said by the Minister of National Revenue and the Minister of Finance is, I think, quite true. I understand that the practice is not what the hon. member for Vancouver-Burrard thinks, but that the manufacturers redistribute that additional cost over all the consumers

[Mr. Stevens.]

in Canada. I do not think we in western Canada actually do pay that extra cost, except our share of it, but that is the practice of the automobile people themselves and not of the Department of National Revenue. I believe the minister will find that to be the fact.

Mr. CAHAN: I suggest that on many of these commodities there is no additional cost. The difference in freight rates over short distances and long hauls must be taken into consideration.

Mr. DUNNING: Not by the department, in levying the sales tax.

Mr. CAHAN: No; but the manufacturer sets the price, and he sets the same price in all these cities, so apparently the eight per cent sales tax is paid on the same price whether you live in Winnipeg or Toronto. But the manufacturer can often do that without loss. I was interested in an undertaking in the west, and in purchasing machinery in England I found that the cost of freight from Liverpool to Montreal was exactly the same as the freight from Liverpool to Vancouver plus the railway freight over the mountain. I have seen freight bills showing the cost of transportation of certain commodities from Halifax to Truro. I do not know whether or not that condition exists at the present time, because it was some years ago that I was interested in such matters, but at that time it was cheaper to send the freight from Halifax to Montreal and back to Truro for delivery than to send it by ordinary local freight from Halifax to Truro. I remember the former member for Pictou, who is now in the senate, making similar calculations as between the long haul and the short haul. The fact is that the advantage given by the long haul to those who make use of it is of such tremendous importance that it must be taken into consideration if you are to consider the bearing of the cost of transportation.

Mr. DUNNING: In reply to my hon. friend from Saskatoon I would say that I have gone through each of these schedules, and they are all based upon the full delivered price not including taxes, freight or licence, and that figure is the same right across the board. The sales tax is also the same right across the board. Then there is a special municipal tax in Montreal; that is the only place where that cost enters. Freight, of course, varies right across the board depending upon the point of delivery and the licence factor also varies, though not markedly. It is \$30 in Vancouver and as low as \$15 in Windsor. The main factor of price differential