

substitute, and more fish and more fruit of a kind that can still be imported with United States exchange. My information is that restaurant sales and other sales of these products have gone up substantially because there are no salads or vegetable plate dinners to offer their customers.

If more meat is consumed in Canada that meat is not available to the United Kingdom. My recommendation is that the additional amount now consumed in Canada be exported to the United States, where there is a market and where prices are much higher than they are in Canada. Thus, through these vegetable imports healthful diets will once more be restored to the Canadian people. The western cattle raisers will be delighted to have the channel to the United States kept open even for token shipments. The cost of living will be reduced because vegetables are cheaper than meat and fish, which can also be exported to the United States; but even domestic fruits and vegetables in season will be cheaper than if the embargoes and quotas are maintained.

That domestic fruits and vegetables will be cheaper arises from the fact that the present restrictions reduce the volume handled by our wholesalers and retailers by about 40 per cent. Their wage bill and overhead must be borne by the reduced volume with resulting higher unit costs of everything the housewife purchases. Restore their volume and down go their unit costs and the price to the housewife.

Imports of five vegetables mentioned from the United States for the eleven months ended November 30 last were as follows:

Cabbages .....	\$ 952,472
Carrots .....	1,208,014
Beets .....	144,000
Lettuce .....	2,601,712
Tomatoes .....	3,476,295
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	\$8,382,568

That is approximately \$6 out of every \$1,000 of imports into our country. In 1939, the last year when the export of cattle was permitted, 201,000 cattle found their way across the border. At prevailing prices the export of about 25,000 beef cattle would bring in \$8,382,000, or the cost of all vegetable imports I have outlined. Since this amount of cattle represents probably less than the amount of additional meat eaten because of the vegetable restrictions, an amount equal to the additional meat otherwise eaten may be exported, and thus a surplus of United States exchange over the cost of the imported vegetables would result, and with no hurt to the United Kingdom food contracts.

Thus the policy would restore normal diets, lessen food costs, please the western cattle

raisers, and add much needed United States exchange. A businessman would put the policy into action within a few hours. By the time the various government committees are through creating imaginary difficulties and showing why it cannot be done the summer will probably have come and gone.

The proposed committee on prices may find that, when the cost of an agricultural product or manufactured article is increased in order that encouragement may be given to its production, those who process and distribute the article, from wholesaler to retailer, will probably have applied their usual percentage mark-up just as they have to apply their usual mark-up when prices decline. Perhaps the chief offender in this respect is the Prime Minister (Mr. Mackenzie King) himself, since he must assume responsibility for the crushing burden of taxation imposed on our people. The sales tax of eight per cent is pyramided on the increased price and it is no wonder that the country's treasury is bulging far beyond expectations. The government might well have reduced this eight per cent tax and set an example to businessmen, both large and small. But no, the government prefers to sit back and profiteer far beyond the needs of the government's requirements and let the people suffer; but fortunately, this time not in silence! Indeed I was much surprised when I learned of the incidence of the sales tax, because I had always understood that not only shelter but food were totally exempt. I found, however, that bacon was not exempt from the sales tax. Any processed food or smoked meat is subject to the sales tax; and if the people of Canada have wondered why some of their products, such as bacon, have gone up unduly in price, it is because of the mark-up of prices all along the line; and certainly the government's eight per cent sales tax has been pyramided on the increased prices so that the end product has been a high price indeed.

The Minister of Justice (Mr. Ilsley) had some remarks to make about a proposal I made in 1946 to the effect that consideration at that time might be given to an increase in the sales tax. He was fair enough to read the whole quotation. At that time, and particularly in 1943 when I first made the suggestion, the government was seeking, through compulsory savings and higher income taxes, to drain off surplus spending power in order to lessen the pressure on rising prices because civilian goods were not available. Today the situation is far different and the problem of our people is to make enough to make ends meet. Had the suggestion been followed, the sales tax today could well have been lowered.