

I do not wish to be misunderstood for a moment. I fully realize that you must have capital as well as labour. I do not believe in crowding a man too much. I do hold however, that the principle in taxation, particularly at a time like the present, when conditions in the country are such as they are, should be a principle similar to that which obtains in connection with freight rates; that is to say, taxation should be levied according to what the traffic will bear. If, therefore, a man can fairly contribute towards the necessities of the country in a time of trial, as my right hon. friend designates the present crisis, the country might well call upon such a man to pay in proportion to his means and under the same rules as those which are made to apply to men of more moderate income.

Let us turn now to the sales tax. There has been a 400 per cent increase in the sales tax, which has gone up from 1 per cent to 4 per cent. This tax is applicable to all the transactions of everyday life. Trade is what we need in this country to-day. My hon. friends opposite are talking about domestic trade and the desirability of having as many trading transactions as possible in process. Every time that 4 per cent tax is imposed it is a detriment to trade; it is a brake on the wheels of trade. Yet, as I say, the tax has been increased from 1 per cent to 4 per cent, and it is being passed on to and paid by the only people who do pay—the consumers. It is the ordinary, everyday consumers, the men and women who are hard put to make ends meet, men who are out of work, who are now called upon to pay the extra amount in connection with the sales tax. One gets a real idea of what the sales tax means when one looks at my right hon. friend's list of additional taxes. Out of \$78,000,000 in additional taxation the sum of \$52,000,000 will be raised by the sales tax alone.

Mr. COTNAM: How did you like it when it was 6 per cent?

Mr. RALSTON: We were able to reduce it from 6 per cent to 1 per cent. I may tell my hon. friend that the country is a bit discouraged to-day; after seeing the sales tax gradually reduced from 6 per cent to 1 per cent, the people are now told that the government has decided to raise it once more to 4 per cent. I will indicate from the mouths of the hon. gentleman's friends just what they thought of the sales tax as a means of raising revenue. I shall come to that presently. But in addition to the increase in the sales tax we find an increase in the postage rate. This increase was rather neatly described by my

[Mr. Ralston.]

right hon. friend. It was not an increase in postage but just a means of making taxation even. If you add a cent to drop letters, why not add a cent to letters carried at the 2 cent rate? It was really to avoid discrimination, according to my right hon. friend, that the government decided to impose an additional burden of \$2,500,000 on the people. And then there is the cheque tax—2 cents on every cheque. I venture to say my right hon. friend will hear from the dairymen's association with regard to creamery cheques when they have to pay that 2 cent tax on their cheques for milk.

I come now to the tariff. I will not enter into details except once more to point out, as I suppose we shall have to point out so long as my right hon. friend delivers budgets, that he is imposing further burdens upon the primary producers and the people who have to pay. Let me discuss for a moment or two the principles which the Prime Minister has laid down. He lays down three principles with regard to tariff and trade, and it seems to me that the trouble with the right hon. gentleman is that he mistakes tariff principles for trade principles. They are all the same to him. First of all, he says there are three requirements with respect to which the government has been entrusted with responsibility. He says first we have great resources which it is the duty of the government to help to develop to as great an extent as possible. How do we meet that? He said that this would be met by the courage and enterprise of our people, but that is a commodity which is available on both sides of the house, so I do not think we will have any difficulty with regard to that particular requirement. Secondly he said that "Canadians are entitled to carry on that development, enjoying an equal opportunity with the other peoples of the world engaged in the development of their respective countries." We meet that second requirement, he said, by tariff legislation. The third principle was that Canadians were "entitled to fair competition in carrying forward that development", and we meet the last requirement, he said, by dumping legislation.

There are the bible and the gospels from my right hon. friend with regard to trade and tariff principles, but he has missed the principal thought which it seems to me a Canadian, and particularly a Canadian Finance minister, ought to put first, namely, that Canada is not a self-contained country, she must export and she cannot export without having imports. There is no principle in the tariff commandments which my right hon. friend has laid down which recognizes the necessity for promoting export trade and for providing an