

Mr. DUNNING: But that is the present position.

Mr. STEVENS: No.

Mr. DUNNING: My hon. friend will permit me to answer him. He mentions the Buick car. The sales tax on a Buick car is the same, no matter where it is, because the sales tax is collected on the factory price, and the factory price is just at the one place.

Mr. ROSS (Moose Jaw): But if they were made at Regina—

Mr. DUNNING: Ifs and ands and buts bring us to this point: My hon. friend has just stated that the sales tax was assumed to be an absolutely equitable tax. A number of hon. members who have spoken have sat in this house all the years the sales tax has been in existence, and this is the first time I ever heard anybody claim that the sales tax could possibly be equal in its bearing on all citizens across three thousand miles of country. It is quite obvious that we have accepted, as this parliament accepted many years ago, the principle of the sales tax at the source as distinguished from the retail sales tax. The bearing of that tax could not possibly be equal on all citizens. The point at issue, as to whether it constitutes discrimination as between the east and the west, depends upon the source of raw material supplied. To the extent that a plant in western Canada would have access to raw materials of supply at a lower cost than a plant in the east, the advantage would be with the west. To the extent that the plant in the east had advantages in raw material or price costs over the plant in the west, obviously the advantage would be with the east. I would admit that at present I think—and I do not speak with the absolute knowledge that some members speak with—the balance of advantage is probably with the Oshawa or Windsor plant, because of the development of routes and the places from which raw material supplies come. But the things which enter into the car—the rubber in the tires, the asbestos linings, a thousand and one commodities—come from many parts of the world, and there are accumulated costs, as far as transportation goes, through the parts factories. The transportation costs from the parts factory to the automobile plant, as we use the term, also enter into the cost which becomes the basis of the final tax paid at the factory door when the car is going out. So far as the Canadian consumer of cars is concerned, the equity of the bearing of this tax, whether it be sales tax or this special extra tax, will be decided by the information which the Minister of National Revenue will have for us, I hope, by eight

o'clock. That is to say, is there a lower tax payable on a car ex the factory door in Ontario than is payable on the same car which reaches, through one or more methods, the user of that car in any other part of Canada? That is a simple matter of fact. But I submit that when we go further, and try to demonstrate that this sales tax should be a tax bearing equally on all consumers, wherever they may be, we run absolutely counter to the fundamental of the tax itself, which is that it is a tax at the source, and that consequently its bearing must increase by distributing methods and distances and so forth throughout the country. I do not see how there is any escape from that.

Mr. STEVENS: The tax would not increase with distance. Surely if the tax is a tax at the source the tax would not increase by distribution. That is exactly our quarrel with this method of taxation.

Mr. DUNNING: But in its ultimate bearing on the consumer, of course, it would.

Mr. McGEER: How could it?

Mr. STEVENS: If the tax on a finished car was \$100 in Oshawa it would not be any more at Vancouver, because the minister has already said that they do not tax on the freight on the finished product. But if the car is made in the west they do charge on the freight and on the materials which go into that car, which is a vastly different proposition.

Mr. ILSLEY: I have before me now the tariff board report on the cost of cars in all the important cities of Canada, and in every case the sales tax on a Ford tudor car is shown as \$34.70. The cities enumerated are Halifax, Fredericton, Quebec, Montreal, Ottawa, Toronto, Hamilton, Windsor, Winnipeg, Regina, Calgary and Vancouver. The sales tax is shown as \$34.70 on the same car.

Mr. STEVENS: But the minister will admit that those figures apply to cars which are finished here and shipped out as the finished product. Will the Minister of Finance, who knows something about this, tell us that the sales tax on a car produced in Regina is the same as the tax on the same car produced in Oshawa? General Motors have a plant at Regina, though it has not worked very much.

Mr. DUNNING: It has not worked for years.

Mr. STEVENS: Why? Because of handicaps, and this is one of them.