

housewife does not prevent them from doing that. I am rather glad to see an instance of this kind; it is the first that has come to my notice.

Mr. ANDERSON (High Park): In reply to that very suggestion may I say that the bakers tried that. The Consolidated Bakery Company tried it, but it only lasted a week; it could not be done.

Mr. STEWART (Edmonton): For what reason?

Mr. ANDERSON (High Park): I would ask the minister what was the reason for exempting the hotels and restaurants, who pay only on the ingredients. Why are they exempted? We have many large hotels such as the Chateau Laurier and the Royal York who do their own baking, and the bakers want to know why they should be exempted when the men who do nothing but baking are taxed.

Mr. STEWART (Edmonton): The bakers want a monopoly of the business.

Mr. ANDERSON (High Park): No, they want to be on the same basis as the hotels and restaurants.

Mr. RHODES: I can hardly give a complete answer to my hon. friend at the moment, but I think the answer in a general way is comparatively simple. The hotel is not in competition with the baker; it cooks for its patrons. That is a recognized matter of hotel practice. I do not know that any other answer is necessary; they are not merchandizing cakes and pies, as are the bakers. You might as well say that we should walk into a house where the housewife is baking and apply the sales tax to the cake or pie in the oven.

Mr. ANDERSON (High Park): She is paying on the ingredients.

Mr. RHODES: And so is the hotel. That is a mere bagatelle.

Mr. COOTE: I have been much impressed with the statements of the Minister of Finance and I think we all should have a good deal of sympathy with him because of the deputations which he must receive in protest against these taxes. But the minister has brought it on himself.

Mr. RHODES: I am not complaining.

Mr. COOTE: I heartily agree with the sentiments expressed by the hon. member for West Edmonton; I protest against the sugar tax and against the inclusion of all these articles under the sales tax. I want to point out to the minister what I think is a fact,

that if he devoted his time and thought to the question of raising price levels in this country he could balance the budget without these drastic increases in taxation. I know some hon. members do not agree with that idea, but may I point again to the fact that Australia, which two years ago was in a worse position than Canada, balanced her budget largely through the rise in price levels. In Canada the commodity price level has dropped from 80 to 63 in the last two years, but in Australia it has remained at 80, and as a result the government of Australia is collecting more revenue, in proportion, than the government of Canada is collecting.

If the Minister of Finance will look back at the budget of 1928 he will find that the money collected that year would completely balance the budget this year, including the Canadian National deficit, the expenditures on unemployment relief and the advances to the provinces. If we could get back to anything like the 1928 price level the Canadian National deficit would not be so great, because there would be more traffic and the receipts would be greater and the expenditures for unemployment relief would not be so large, because the greater amount of money in circulation would provide more employment. I seriously recommend this suggestion to the Minister of Finance, and I hope that during the coming year he will give his attention to the problem of raising price levels. He can do it by means of a different money policy, and then we will be able to get rid of many of these taxes of which I am sure he does not approve.

One of the great difficulties in connection with a tax like that on sugar, as an illustration—and I hope I may be pardoned for referring to it because twice while it was under consideration I tried to make some remarks but did not have an opportunity to do so—is that the tax is proposed by men who do not realize what it may mean to the average family. I am sure the Minister of Finance and some of his officials do not realize that, because it is such a small item in their expenditure. To many thousands of families in Canada, however, it simply means that they will not be able to buy all the sugar they really need. Last year many families gathered wild fruit and put it down without sugar, hoping that when they came to use it they would be able to buy sugar. With the money they have at their disposal now they can buy only perhaps sixty per cent of the sugar they could have bought if this tax had not been imposed. I know this seems a small matter to many hon. members, and they get