

The Budget—Mr. C. Cameron

pays \$60 for old age pensions, departing entirely from the principle of a graduated tax based on ability to pay which prevails throughout the whole of the rest of the income tax structure.

One of the features of this budget which has not been changed in any significant manner is one which perhaps the majority of Canadians are not aware of; at least they are not conscious of its impact on their pocketbooks. I refer to the 10 per cent sales tax. In the first place, I might say that most authorities are of the opinion that sales taxes are regressive taxes; that they tend to place the burden inequitably largely on the shoulders of those least able to pay. However, as I say, most Canadians are not conscious of the fact that they pay 10 per cent on a vast range of commodities they buy, and they are still less conscious of the fact that in actual fact in most instances they pay much more than that; because one of the most pernicious features of this tax is that as it is imposed at the manufacturing level it has a pyramiding effect as it is imposed throughout the economy.

The manufacturer adds the 10 per cent to his price to the wholesaler. The wholesaler, when he calculates his mark-up, does so on the basis of the price plus the 10 per cent, and the same process may take place when it passes into the hands of the retailer. It is of course impossible to estimate with any degree of accuracy the actual amount of money that the Canadian public pays in respect of this 10 per cent sales tax. Some investigators whose reports I have read suggest that it may exceed \$1 billion a year, out of which of course the government of Canada receives about 75 per cent, \$759 million in the present budget.

I suggest, Mr. Speaker, that these are evidences of the fact that this budget is designed not to impose the necessary burdens of taxation on the people of Canada in the most equitable manner possible, but to impose them as heavily as possible on the shoulders of the vast mass of the people who draw modest or small incomes to as great a degree as possible. The provisions of the Income Tax Act to which I have referred indicate that this government is extremely solicitous of a rather privileged minority in our society.

I suppose one need not be surprised at this particular attitude on the part of the government toward the fiscal policies of the country. It is perhaps all of a part with the whole attitude towards our present economic situation that is revealed in the budget address of the minister and has been revealed before this session by other government

spokesmen. We have all noted—and those who have spoken before have nearly all commented on it—the very optimistic picture painted by the minister of the future of the Canadian economy, and one must of course pay tribute to his powers of optimism, but I have been wondering just on what he bases his optimism. On examining his speech I find some flaws of logic in his argument, because at page 3723 of *Hansard* I find he has this to say:

In the economic sphere, 1953 has been a much better year. Industrial and agricultural production in almost all countries has continued to expand, and consumption has risen. Supplies of many products entering into international trade are becoming more plentiful, and international markets more competitive. The recovery of Germany and Japan has contributed to this development. It is becoming increasingly evident that after many years of scarcity and inflation we are returning to more normal competitive conditions.

That statement is perfectly true. I do not think any observer of events would quarrel with it; but when we find the minister drawing the conclusion from that that the economy of Canada is facing a cloudless future, then, as I say, I wonder about his powers of logic. Because it is just the very recovery of these countries that has begun to create again the problems we have known so well in the past; it is just the fact that we have rehabilitated those war-torn countries that has brought them back into the picture as producers, producing very often the same goods that our own people produce in Canada. It is perhaps significant that in the last few months here in eastern Canada, and I imagine by now in western Canada, there are on the streets a great many German Volkswagens which have been shipped here from a rehabilitated Germany. It is perhaps no coincidence that the Japanese textile industry has been put on its feet again, and simultaneously we are bombarded with complaints from the Canadian textile industry about the sad state of their sector of the economy.

I am not suggesting for one moment that we should not have rehabilitated those countries. Plain common sense, in addition to human decency and humanitarianism, would have obliged us to do so; but I do think that we should take our heads out of the sand and not fail to understand just what the consequences are going to be.

I think we can find the parallel of this situation in the history of Great Britain, because in essence Canada and the United States have done in the post-war period what Great Britain did throughout the long period of time when she was at the top of the industrial tree, when she exported not only