

*Special War Revenue Act*

Mr. STEVENS: Most cars are more than \$650, so the five per cent applies just the same as the sales tax; the same principle of discrimination is there.

Mr. McGEER: The situation is worse, because as a matter of fact the price of the manufacturer in the east is going to be under \$650, whereas in the west the price will be over that amount, and carry the extra tax.

Mr. DUNNING: May I tell my hon. friend that that simply is not the case. I can answer that with great positiveness.

Mr. McGEER: Well, we pay the bills out there, and we happen to know some of these cases.

Mr. STEVENS: I frankly admit that the whole situation this afternoon perturbs me. I listened to the hon. member for St. Lawrence-St. George (Mr. Cahan), and I have no dispute with his review of the situation, but what we are seeking to evade or to avoid is this: Take a plant in Ontario; we have information from the hon. member for Ontario (Mr. Moore), in whose constituency is Oshawa, and who is extremely well informed, that that plant will draw from two hundred plants, and out of what it draws from those two hundred other plants it makes an automobile. Let us consider the case of a plant established at Vancouver, Regina, or Winnipeg, in the west, or in Halifax in the east, a considerable distance away from these two hundred plants, most of which are in Ontario. The western or the Halifax plant buys these parts exactly as the Ontario plants do, from the two hundred plants I have referred to; they haul all the parts to the west or to the east, and they pay a sales tax the same as Ontario, plus the difference in freight, plus a tax on the difference in freight.

Mr. McLEAN (Melfort): Surely it has always been that way.

Mr. STEVENS: That is so. If that is true—and it cannot be gainsaid—then, not by the handicap of geographical position, judged from the manufacturer's standpoint, but by act of parliament, by the imposition of a federal tax, the government is placing a handicap upon the western manufacturer. That, I submit, is not sound. What I wished a little while ago to draw to the minister's attention was that a sales tax or an excise tax such as this five per cent excise tax, wherever imposed in Canada, is supposed to bear with absolute equality upon all citizens no matter where they are. That is fundamental, and we are talking about fundamentals. If difficulties of administration

[Mr. Dunning.]

offer obstacles, it is the duty of parliament to overcome those obstacles. If what the Minister of Finance (Mr. Dunning) and others have described as being the case is what exists in fact, it is almost impossible for a manufacturing plant to develop in the west. I have not forgotten the argument raised by the hon. member for St. Lawrence-St. George about the manufacturers shipping parts in bulk. That is merely a minimising of the manufacturing cost. It is all right as far as it goes. But why should parliament because of transportation handicaps, impose a larger sales tax rate or valuation in the west than they do in the east? As the hon. member for Moose Jaw (Mr. Ross) has well pointed out, take the case of a V-8 in Windsor and a V-8 in Vancouver. The western purchaser will pay, under those circumstances, substantially more in sales tax, even though the fullest advantage is taken of bulk carload shipments. I do not care what the method of handling is, whether it is a case of assembling or of shipping a car complete.

Mr. DUNNING: The hon. member says that the sales tax will be greater?

Mr. STEVENS: Yes, and the five per cent excise tax as well.

Mr. DUNNING: Well, we will find out. I can say positively, with respect to the excise tax mentioned in the item, that in connection with the Ford V-8 car it would not be so, because the sales tax would be non-existent at both points.

Mr. STEVENS: All right; the Ford V-8 may come under the \$650 figure.

An hon. MEMBER: Take the Dodge.

Mr. STEVENS: Take the Buick, which is a very common car, and, as I have driven one for a great many years, I think it is a good car. I do not suppose there are any cars of that make which come under \$650. Or we can take the Dodge, or the Chrysler, or a good many other cars; they would all come under the five per cent tax and the eight per cent tax. After all, we in this parliament dare not disregard the question of equity in taxation. I know the difficulties the department is up against, because I remember the way in which it struggled with this matter some years ago. But essentially I do not think this matter is very difficult, because all that would be necessary would be to say to the manufacturer that the question of transportation of parts need not be considered for sales tax purposes in the computation of the sales price, and that would end the matter.