

Special War Revenue Act

whether the minister would give them a further appointment that they might discuss it with him again. I said I did not think it would be much use, that the representations had been made. But if the minister thinks his mind might be changed in that regard I would like him to give these men an opportunity to make the representation, because they feel that it is a great burden that they cannot possibly carry.

Mr. RHODES: Mr. Chairman, I try to exercise the virtue of patience. I have had three if not four deputations, taking a considerable time, presenting the views of the bakers of cakes and pies, and I can assure my hon. friend from Toronto-High Park (Mr. Anderson)—who has been most persistent in this matter; he has followed it up almost daily in the interests of those whom he seeks to serve,—that I can see no useful purpose in repeating ad nauseam representations which have already been made time and time again, especially by these very gentlemen in question. Of course if necessary and if time permits I will do the best I can to allow them to rake over the same straw they have raked over on previous occasions.

Mr. STEWART (Edmonton): Can they not pass it on to the consumer?

Mr. RHODES: I do not know that there is much that I can add to what was previously said in response to the query put to me in the first instance I think by my hon. friend from North Waterloo (Mr. Euler), except to say this, and I say it with all respect to my hon. friend from Toronto-High Park and to the bakers, that when they say, put the tax upon the ingredients, they are just begging the question. The ingredients, now taxable, that go into cakes and pies are currants, raisins, peel, baking powder, flavourings, jams and yeast at the half rate. They represent a trivial fraction of the revenue which is involved in the sales tax. Of course if they say, tax all the ingredients, it means that they would like to put the sales tax on flour, salt, sugar, lard, eggs, milk, etc. We can fancy how popular that would be with the people. So I say to my hon. friend with all respect, and without desiring to say anything to which exception can be taken, that the suggestion to tax the ingredients in lieu of sales tax on these articles is simply begging the question.

I am advised by the Department of National Revenue that some of these small bakers are in arrears. But the sheriff has not been put in; they are being given reasonable latitude to enable them to pay their tax. I repeat briefly what I said a moment ago, that

[Mr. A. J. Anderson.]

if this sales tax were removed to-morrow the small baker, as the small shopkeeper, would have the same difficulties they have now in conducting business in competition with the chain stores and the big establishments that have arisen in recent years. Their difficulties do not arise out of the sales tax.

Then my hon. friend says with respect to some of the larger manufacturers, who are paying their sales tax, many of them without complaint, that it is either a case of adding to their deficit or taking it from their capital. I may say that that is one of the regrettable features of taxation in many cases to-day. We are imposing income tax this year, as we have other years, not upon the income which the man receives in 1933, but the income which he had in 1932, and has spent. That income tax is being taken from people who to-day have not one cent of income. In one instance I was advised by letter that a man had to borrow the money by mortgaging his house. He may or may not have told the truth, but I know there are some extreme cases. I may say to my hon. friend that I have myself had the experience of paying income tax in one year on an income that had vanished, and I was obliged to go to the bank to borrow the money to enable me to pay the tax. But that experience is not new or unusual. If we could devise a form of taxation which could be applied by means of some instrument which we could place upon a man's head and by means of which we could tell exactly how much taxation he could pay, that might be an ideal method, but we cannot do that; we have to lay down taxation principles along some general lines, and the best designed form of taxation will cause hardship in individual cases; there is no question of that.

Then my hon. friend said he hoped we would reconsider this matter. I would give him the same reply I gave the hon. member for Antigonish-Guysborough, who made a plea with regard to the sales tax on molasses. Without giving any undertaking I am quite content that the matter should be thought over further, but the committee will bear in mind that it involves no less than \$1,350,000 of revenue, based upon the business of last year, which is a very considerable item.

Mr. STEWART (Edmonton): Before the minister sits down may I ask him how it happens that these gentlemen are so generous that they make it a charge against their business? They have the privilege that is exercised by everyone else of passing it on to the consumer. Surely the competition of the