

Special War Revenue Act

these taxes if hon. gentlemen opposite were making what could be reasonably considered a good use of the revenue they collect. Last year and the year before they made an estimate of the amount of revenue to be derived from the new taxes that were imposed, and I think that for the last two years their estimate was that the new taxes would bring in something like \$133,000,000. On account of the business of the country falling off the revenue fell short of their estimate. Nevertheless those new taxes were imposed with the idea that they would bring in that much increased revenue. When our friends opposite were on this side of the house they criticized the Liberal government of the day for their expenditures, but if you will look over the expenditures under the present government you will find that notwithstanding that they are not carrying on any public works throughout the country but are allowing wharves and breakwaters, lighthouses and other public works throughout the country to fall into decay, they are still spending more money yearly than the Liberal government spent when they were in power. If you will look over the estimates when the Liberal government were in power you will find that only in one year did they exceed \$400,000,000. Their expenditures ran from \$370,000,000 to \$381,000,000, \$351,000,000, \$355,000,000, \$358,000,000, \$378,000,000, \$388,000,000, \$398,000,000. But what about 1931 and 1932, after this government came into power? In 1931 the expenditures under this government were \$440,000,000 and in 1932 \$454,000,000, or an increase of \$42,000,000 in 1931 under this government over the \$398,000,000 spent by the Liberal government, and an increase in 1932 of \$56,000,000.

As I said, we would not object to these taxes so much if our friends opposite could show that this extra revenue was being put to a good use. It is true that the government is carrying on some relief work but that cannot account for the tremendous increase in the expenditures especially when public works throughout the country are being neglected to the extent they are.

I wish to protest, Mr. Chairman, as vigorously as I can against this exorbitant tax on sugar. I said at the beginning of my remarks that a tax of a quarter or half a cent, or even one cent a pound, might have been tolerated by the country, but here you are imposing a tax of two cents a pound on a commodity which is the chief article in the manufacture of the products of two or three industries of this country, the candy industry, the biscuit manufacturing industry and the bakeries. It is really singling out these industries for

[Mr. MacLean.]

special taxation, as well as the householder, and it is absolutely unfair. I know that the Minister of Finance wants to get revenue, but I think that some other way could have been found, and when that revenue is going to entail the sacrifices that this sugar tax will impose upon the people of this country I hope that our friends opposite will be able to show us next year a better record of expenditure than they have been able to do in the past.

Mr. RHODES: Mr. Chairman, I must express my surprise at some of the remarks of my hon. friend from Prince. He says he would be content that increased taxation should be imposed if he were satisfied that the government were exercising economy, and he goes back to conditions of a few years ago. In the first place let me say to my hon. friend that so far as the estimates of the yield of taxation are concerned they are made under the most hazardous circumstances, so far as regards our being able to predict conditions twelve months ahead, conditions so hazardous as to be without precedent in the history of the world. There is not a single country in the world, not one, in which a chancellor of the exchequer or a minister of finance has been able to make with any degree of accuracy an estimate of the probable yield of a certain set of taxes over a period of twelve months, because of conditions which everybody realizes are abnormal. Our estimates of taxation last year were based upon the best assumption and best hypothesis we could set up at the moment. Nobody could foresee the tremendous shrinkage in business that took place not only in this country but throughout the world, not so much a shrinkage in the volume of business as a shrinkage in the value of commodities.

In his references to expenditures my hon. friend entirely overlooks several factors. In the first place we have to provide deficits and capital moneys for the Canadian National Railways which run into something like \$70,000,000 a year. That is a condition which we have to face, not a theory; it is an actual set of facts. If the Canadian National Railways were able to carry on within themselves we would not have to impose one additional cent of taxation this year—not one. My hon. friend overlooks the fact that there are certain statutory increases, for example in the case of old age pensions, which so long as the present legislation remains as it is must be made without any reference whatsoever to the government. We have to meet this year increases of nearly a million dollars—I am using round figures and speaking without notes