

tariffs in 1931 and 1932. In 1933 we were still keeping them up; the same was true in 1934 and 1935, and we are still a long way from reducing them sufficiently to meet the situation existing to-day. Not only did we use tariffs; we used embargoes and restrictions. In fact, for a number of years the house has carried out the policy which was laid down a few years ago by the present leader of the opposition (Mr. Bennett), who was then also in opposition, when he said:

All we endeavour to do, Mr. Speaker, is by every legislative means within our power, to use the words of a great Englishman, and with the tools that are in our hands, whether they be tariffs, regulations, bonuses, drawbacks, or bounties, to bend our efforts to one purpose and one purpose only, namely, to make the Canadian people a strong and virile nation, developing their own resources to the limit of their ability and thus become entirely economically independent of foreigners, whoever they may be or wherever they may be found.

If that is not running pretty close to the gospel of absolute exclusion, so far as trade is concerned, then I do not know what it is.

What did we do with the problem? Having blocked the channels of trade, restricted imports, checked national development, expanded the deficits on our railways and increased unemployment, we had to find more money. And so the sales tax of one per cent in 1930 moved up to four per cent in 1931. Then it went to six per cent in 1932. Meanwhile, in the ranks of the army of restriction the sales tax had been joined by a one per cent excise tax in 1931, and a three per cent excise tax in 1932. The three per cent tax was cut to one and a half per cent in 1934. In 1936 we reached the peak, with an eight per cent sales tax.

I now come to the practical suggestion I wish to make in regard to a solution of the unemployment problem. We have tried all these remedies; we have tried tariffs and taxes and public works of different kinds. Public works are only another means of creating unemployment, and the more money we spend upon them, unless they are real, productive public works, the more unemployment we shall have. I suggest to the Minister of Finance (Mr. Dunning) a striking and bold course. We have an eight per cent sales tax. Each one per cent of the sales tax takes \$18,000,000 from the Canadian people, so far as the revenue of the country is concerned. But as the sales tax is pyramided, each additional one per cent will carry with it an additional pyramided tax—I do not know how much, but possibly one half of one per cent. In other words, when we have a sales tax of eight per cent, by the time it reaches

[Mr. Deachman.]

the consumer it takes from the Canadian people approximately twelve per cent.

Let us reduce the sales tax boldly, at one stroke, by three per cent. Measuring it only as a payment of revenue, that would give a total of \$54,000,000 to be added as purchasing power of the Canadian people. But allowing for the fact that it is pyramided, it would give an expansion of \$80,000,000 of purchasing power to the people. Would not an addition of that much purchasing power improve business conditions in Canada?

Do hon. members think that by an expansion of public works or by the building of highways over which very little traffic would pass they could attain the improvement which would come through the remission of taxes? Do hon. members realize that public works—highways, or whatever they may be—unless they have an exchange value with the Canadian people more than equivalent to the cost of production, bring about a condition whereby, with every dollar expended upon them, you are decreasing instead of increasing the total volume of employment in Canada?

Further, by a reduction of the sales tax you spread the benefits over the whole nation; it is diffused. It is of more benefit that the construction of a road in some remote spot in northern Ontario. It is not spent on a useless building in a city, or on a public institution. It is something which is diffused throughout the nation, from the farthest point in British Columbia clean down to the maritime provinces. Would that not add to the volume of business throughout the dominion? Would that not improve conditions? "Oh, but," you say, "it will lead to a deficit!" Yes, it may—or it may not. It might lead to such an improvement in business that the deficit would be overcome. But if you expend the money in any other way, what do you do? You have a deficit, the only distinction being that you have practically nothing for that deficit, whereas by the plan I suggest there would be an improvement in business conditions throughout the nation. Not only is the benefit diffused throughout the whole area, but it reaches every class in the community. Of what value is a public building, or a highway in the north, to the farmers in my constituency who are drawing such a small share of the national income? I speak for the farmers in my own constituency, of course, but when I do so I speak for all farmers in Canada. How can you help them in any way other than the one I have suggested?

My method would reach not only the farmer, but the manufacturer, because the manufacturers are always talking about in-