

time the world's greatest economists and public men are preaching continuously that tariffs are the cause of our downfall. No other country is in a more favourable position than Canada to take the lead in this matter and adopt a sane, sensible tariff policy which will not have the elements which my right hon. friend is adopting but which will be along the lines suggested by those gentlemen whose opinions I have quoted.

With regard to trade treaties, my right hon. friend mentioned that trade treaties must be mutually advantageous. His principle cannot be met if he continues making tariffs in the way he is doing. It is axiomatic that one has to give the other man a fair trade, and I only hope my right hon. friend has not already gone so far on the path which will lead to commercial destruction that he will not be able to see the warning signs and turn back before it is too late.

So much with regard to the general principle of tariffs. I am not going into details of the items. I only note, as I pass, that automobiles have been made the subject of another increase in duty. This is in sharp contrast to the action taken by the late Mr. Robb when, as Minister of Finance, in 1926 he brought down a budget which gave relief to the consumers of this country, which apparently did no injury to the automobile business and which was acclaimed by the people of Canada as a statesmanlike act. My right hon. friend, by the power which was given to the governor in council by the act of last session, indirectly increased the duty by decreasing the discount in the price for duty purposes. Now he proposes to make a further increase in the duty from 27½ to 30 per cent on cars from \$1,200 to \$2,100 and from 30 to 40 per cent on cars above \$2,100.

I also note increases in the duty on furniture and tea. With regard to tea, my right hon. friend in his speech suggested that under the so-called Dunning budget the free list tariff applied only to tea in packages of a certain quantity. That is quite correct. But I do not know whether my right hon. friend got the implication of it correctly. The reason for it was this: It was on tea in packages above five pounds. It was done for two reasons: in the first place so that the tea would be imported in bulk and the packaging, printing, all the work in connection with packaging would be done in this country; and, second, so that the poor man could buy his tea in bulk without the expense of the package. That was why the duty free principle was applied to tea in those large packages. I am not sure of the construction of the item in my right hon. friend's budget, but apparently it means the

only tea to which the change is applied is tea in packages of five pounds or less.

Mr. BENNETT: There is a flat duty of four cents a pound.

Mr. RALSTON: But the way in which the amendment is worded, is packages of five pounds or less.

Mr. BENNETT: The duty on bulk tea is four cents a pound.

Mr. RALSTON: With regard to tariffs, my right hon. friend in his budget has indicated amendments to the Customs Act. Those amendments are along the lines of some amendments which were made last year, but he has gone further with regard to this new toy, if I may so describe it with all deference, which he produced last session, the sort of tariff which is painless, the tariff which imposes an extra duty but does not result in any greater cost to the consumer. Last year he took pledges from the manufacturers that prices would not be raised because of the new tariff. He also included in the act a provision to the effect that the governor in council, if advantage were being taken of the tariff to raise the price, should have power to remove the duty then imposed. This session he has gone further; he is putting a few more teeth in the act. This is what he has done: he is providing that if a manufacturer uses the tariff to raise the price or to maintain the price above an amount which the governor in council thinks reasonable, the governor in council may remove the duty. He realizes that such a procedure involves difficulties in that it may affect a number of people who are not offenders, so he says: I shall impose an excise tax on such a manufacturer of an amount equal to the duty. That may have a very wide political effect—I mean in a larger sense—it will put business under the thumb of the government, but it will have no practical effect so far as the consumer is concerned. My right hon. friend in this legislation has gone further than legislation of a similar kind has ever gone before. The governor in council has the power not only to fix the prices for duty purposes, but to fix the prices of commodities which are to be bought by and sold to the public. I do not think he quite realizes the implication of a power of that kind.

What happened with regard to his legislation of last year? Did it not have a detrimental effect upon the prices of commodities? I have here prices for textiles. Let us compare prices in this country with those of other countries, and observe the extent to which they were maintained here while in other countries they went down. Here is wool cloth. In February,