

*Special War Revenue Act*

before he brings in another budget he seriously consider getting his taxes where the money exists.

Some hon. MEMBERS: Where is that?

Mr. COOTE: From the incomes of the millionaires of this country.

Mr. CASGRAIN: There aren't any more.

Mr. SPEAKMAN: I understand, Mr. Chairman, that this is purely a revenue tax. While we do not call it a duty, it being levied on all imported goods, nevertheless it has all the features of a duty, and it is applied to the duty paid value of the goods. During the last two years the revenue from customs has been steadily decreasing in spite of the increase in the rates of the tariff. That has been due, of course, partly to the decreased value of the goods, the decrease in their dollar value, and partly to general business conditions throughout the world. There is no question that it is also due in part to the restricting effect of increased tariffs. This tax will of course, increase that restricting effect, and the question in my mind is, to what extent will this additional duty—for we may as well call it by its proper name—further restrict our trade and so reduce our revenue, or to what extent will it bear out the minister's anticipations of increased revenue? There is a point beyond which tariffs cease to be revenue producing, and I am very much afraid that the tariff on many articles which are now paying a high rate of duty will, with this added duty, have reached that point, and will cease to realize anything like the revenue which the minister anticipates.

In reply to the leader of the opposition, who suggested that this tax might be removed from goods imported from Great Britain or elsewhere throughout the empire, the Minister of Finance replied that if we did this, it being a revenue producing tax, it would necessitate taxing our own people more heavily in order to make up the deficit, as we require a certain amount of revenue in any case. To what extent, again, does the minister believe that taxes of that kind are paid by anybody else than our own people? So far as I am concerned, and I am not a fanatic, I have never seen the time when an increased price upon goods imported and sold in this country, whether that increased price was brought about by the tariff or by a sales or excise tax, was not paid by the purchasers of the goods, they being our own people. Therefore I cannot very well see what difference it makes to our own people whether we pay a tax upon goods we buy from Great Britain or whether we pay it on some other articles. We

[Mr. Coote.]

pay it in any case. I am a good enough Canadian to hope that our revenues will be increased. I am not anxious to see revenues decrease; my hope would be to the contrary. I am just Scotch enough, however, to say that I ha'e me doots.

Mr. STEWART (Edmonton): I should like to see my hon. friends carry out to the fullest extent their theory that tariffs will increase prosperity in Canada. Certainly they are giving it a real trial. To say that this three per cent tax is not a tariff does not appeal to my sense of reason. It is just as much a tariff as any other tax. When there is added to the already excessive tariffs on imports from foreign countries and from Great Britain another three per cent tax I think we are reaching the prohibitive stage.

My hon. friends seem to take comfort in the thought that prices have not been increased. But prices have not decreased to the extent they would have had it not been for the fact that through the imposition of tariffs manufacturers have been allowed to charge undue prices. That, in a nutshell, is the situation. I make the prediction that so long as hon. members opposite continue their present course, just so long will the depression in Canada continue. We are having a real trial of what tariffs can do for us, and the experience is a bitter one. My hon. friends may determine to pursue that course. All I have to say is that there will be splendid proof of what excessive tariffs can do to Canada. The experiment seems to be bearing out my contention.

Mr. HACKETT: How does that apply to Great Britain?

Mr. LAPOINTE: Wait and see.

Mr. VENIOT: Does the dump apply in consequence of the depression of the pound sterling, and does the fixing of value for duty purposes apply to the three per cent excise tax?

Mr. RHODES: It is on the duty paid value that the excise tax is imposed.

Mr. VENIOT: On the duty paid value?

Mr. RHODES: Yes. I should like to take a little longer, but I am afraid it is too late to-night. I must say however that my hon. friend from West Edmonton is not altogether correct in his assertion that the three per cent excise tax is an additional burden imposed upon goods already taxed. He may call it what he likes; I shall not quarrel with him. My hon. friend must realize however that there is a wide range of duty free goods upon which this tax applies.