Mr. RHODES: When it is an excise tax on imports.

Mr. YOUNG: It will raise the price in Canada on all imports entering the country, and by that same act you notify Canadian producers of similar goods to increase their prices by a like amount. In the short session of 1930 the minister's leader brought in certain amendments to the tariff increasing the duty on a great number of articles, but before doing so he extracted from the Canadian producers of those articles a promise that they would not take advantage of the tariff to increase their domestic prices. The question I would ask the Minister of Finance is this: Has he obtained any similar assurances from Canadian manufacturers that they will not take advantage of this duty, or tax, if you wish to call it that, to increase their prices in the same proportion?

Mr. RHODES: My right hon. leader extracted that promise in connection with amendments to the tariff from manufacturers producing the goods in question. He would not contemplate going hat in hand to the manufacturers of this country and consulting them as to whether it would be competent for the government to raise by way of taxation certain sums of money which the government needs. I may say in reply to my hon. friend that certainly I did not consult the manufacturers prior to suggesting an increase in the excise tax on imports by this two per cent. My hon. friend may be right but I can say to him that up to the moment I have not had any indication from any quarter that the price of goods has been increased by the manufacturers in consequence of the application of this increase in the tax from one to three per cent.

Mr. YOUNG: At least the manufacturers have not been asked to give any assurance that they would not increase their prices. I take it then, that calling this tax an excise tax instead of a duty will be acceptable to the manufacturers, because it will absolve them from the promise they made that they would not take advantage of any increase in the tariff to increase their prices. Let us see how that will work out. They have the right, without violating any promise, to take full advantage of the situation. The figures I am going to give I am giving from memory, but I believe that they are substantially correct. The minister told us that this tax would yield $5,500,000 at one per cent. It figures out at $16,500,000 at three per cent, and at not more than $20,000,000 at four per cent, as the revenue expected by the minister. We produced in Canada last year some $2,947,000,000 of manufactured goods, of which we exported something like $475,000,000, leaving about $2,500,000,000, of Canadian produced manufactured goods to be consumed in this country. If our manufacturers under this arrangement have the right to increase their prices three or four per cent on all these goods it will give them the opportunity to collect from the people of this country something like $100,000,000 in addition to what the minister is collecting in revenue. I do not think that they will go to that extent, but I believe that they will go half that far and take $50,000,000 out of the pockets of the people of this country and put it into their own coffers, and my hon. friend gets $16,000,000 or $20,000,000. Is that good business, I ask, in view of the present financial situation in this country?

Mr. RHODES: My answer would be that if the facts were anything approaching the imaginings of my hon. friend from Weyburn it would be very bad business, but I cannot subscribe to the accuracy of anything like the fantastic figures he has just given.

Mr. YOUNG: The figures are not fantastic.

Mr. RHODES: I cannot add to what I said before. I know of no instance where there has been an increase in price due to this tax.

Mr. YOUNG: You have not heard of it yet.

Mr. RHODES: I would be very much surprised if we did hear of such a thing.

Mr. CAYLEY: This is what you would call a depression tax to increase the revenue.

Mr. RHODES: Purely a revenue tax.

Mr. CAYLEY: A hard times tax, and if hard times continue will the tax go up again next year?

Mr. RHODES: My hon. friend knows that he cannot expect an answer to that question. We can hope that the times will improve and that it may be possible to reduce it. That is the more hopeful outlook.

Mr. CAYLEY: We will hope for the best.

Mr. COOTE: I think this is an appropriate time for me to say that this is a bad tax. At a time when business is so badly depressed as it is at present, it is certainly a mistake to hamper it with these increased sales and excise taxes, and I would suggest to the minister that