

trade exclusively within the empire and that it was to prevent us from trading with the world at large.

I have read the article by Sir Robert Hadfield in the Dalhousie Review to which my right hon. friend referred, and I hasten to assure him that whatever merits or demerits may attach to the three per cent tax, it has no reference whatever to a revolving fund which is designed to be an adjunct to an empire zollverein. As a matter of fact, I think my right hon. friend has some misgiving upon the point. I beg to assure him there is nothing in the minds of the government with respect to the three per cent excise tax upon imports other than a desire to raise revenue. My right hon. friend has said the three per cent excise tax is a tax upon the people of this country; in great part, that is so. It does not always follow however, that the importer pays the tax. It is true that the importer goes to the customs house and takes out the goods; he goes through the physical act of paying money into the customs for the goods he takes out. It happens in many instances however that the tax is actually borne by the exporter. The mere fact that we have to apply the dump in certain instances is evidence of that fact.

May I point out to my right hon. friend, that whether this is a good or a bad tax the fact remains that the treasury of this country is in need of funds. We must raise revenue from some source, and if we do not raise it in this way we will raise it in some other way. In the last analysis the only money which comes into the treasury comes through taxation. That point therefore I do not think has any very marked bearing upon the argument. I can add very little, probably nothing, to what I said last night in reply to my right hon. friend with respect to the three per cent tax. Certainly I do not think it can be properly regarded as an added impost by way of customs when it is applicable to those commodities which are duty free. No one would suggest for a moment that a three per cent customs tariff would be any barrier worthy of consideration.

Mr. LAPOINTE: But it is added to the tariff.

Mr. RHODES: Yes; upon all goods in connection with which there exists an impost, and to which is added the excise tax, my right hon. friend's argument would have bearing. I would add, however, that it is applied to duty free goods. Furthermore I can add only what I said yesterday, namely that I do not think the other dominions within the empire

have regarded this impost other than as a revenue tax.

Arising from the remarks of my right hon. friend, only one other thought occurs to me, and that is to assure him that if we enter the Imperial economic conference, as I think we all ought to enter it, with a desire in our hearts not to drive a bargain but to enter into undertakings which will be mutually advantageous—

Mr. LAPOINTE: Hear, hear.

Mr. RHODES:—we will be serving this country best. I think that is the attitude in which we are prepared to enter the conference. After conversations, if it is found that the three per cent tax requires further consideration I have not the slightest hesitation in saying to my right hon. friend that the government is not wedded to it, other than as a necessity of the moment, as a means of taxation.

Mr. BROWN: I should like to have an explanation so that hon. members may know the meaning of the section. It says that there will be an excise tax of three per cent on the duty paid value. I presume that means that in the case of an article valued at \$100 already bearing a tariff of 35 per cent the tax will be levied upon the \$100 plus the \$35, making it an equivalent to a four per cent tax on the invoice price of the goods. That seems to be the only construction which could be placed upon the wording. Does "duty paid value" mean the duty set forth in the Customs Act, and not dumping duties which may be added. I think we may very readily conceive that if the policy which has been put into force by this government is followed—that of raising duties by order in council, and levying dumping duties to such an extent that they exclude trade altogether—and the tax is paid on such goods, a very high tax may be the result.

Mr. RHODES: The hon. member for Lisgar will find a definition of "duty paid value" if he will turn to section 85 of the Special War Revenue Act. At that place the definition is as follows:

"Duty paid value" shall mean the value of the article as it would be determined for the purpose of calculating an ad valorem duty upon the importation of such articles into Canada under the laws relating to the customs and the customs tariff whether such article be in fact subject to ad valorem or other duty or not, and in addition the amount of the custom duties, if any, payable thereon: Provided that in computing the "duty paid value" of tea purchased in bond in Great Britain—

And so on. I think that paragraph clearly defines the term about which the hon. member