

44 per cent in 1930-31, and it is estimated that it will drop this year to 38 per cent. From 47 per cent in 1929-30 customs receipts have fallen to 38 per cent for this year, 1931-32. The total decline in revenue in 1930-31 was \$89,844,530. This was due mainly to diminished customs receipts amounting to \$48,220,965. In other words, the tariff, instead of being a tariff for revenue and as such a means of avoiding the necessity of increasing the income tax and sales tax, and the necessity of deducting ten per cent from the salaries of civil servants and the like, has resulted in this decrease, which goes a very long way towards accounting for what in these particulars the government has found necessary to make good.

Now, the Minister of Finance has said:

We would be recreant to our duty if we failed to face our problems with determination and at whatever sacrifice fully meet our financial obligations, balance our budget and preserve our national credit in the eyes of an observant financial world.

Just here may I draw attention to the highlights in the speech of the Minister of Finance, intended evidently to offset the sombre effect of the speech generally. One was that the budget had been balanced; another, that there was a favourable balance of trade, another that there had been no increases of the tariff this year and finally that the forthcoming economic conference was going to help meet the situation now confronting Canada; I would say, with regard to the first three of those statements, that they are inaccurate and misleading. It is not true that there is a balanced budget. So far as any significance is to be attached to the fact that there is a favourable balance of trade, it is a significance that vanishes the minute one realizes that trade itself has diminished to the extent which has been indicated, and that it has been so diminished by the policies of hon. gentlemen opposite in the manner stated. The statement that there have been no increases in the tariff is not correct, for this year there has been imposed a two per cent excise duty, so-called, which is a duty to be levied on all commodities coming into this country, whether they have been duty free or not heretofore. An excise duty is something that is placed on commodities within the country; but this two per cent has been imposed on commodities coming into the country, and it is as much a tariff as any other piece of tariff legislation enacted by this parliament.

May I draw attention to the fact, that, in considering the effect of the additional two per cent excise duty, account has to be taken

[Mr. Mackenzie King.]

of the scale of the tariff schedules prior to the bringing down of the present budget. It might have been expected this session that some tariffs would be reduced, especially as the economic conference was in the offing. There was reason to hope that, at least, the government of Canada would have done as the British government has done—give some indication to other parts of the empire of its intention to proceed in a friendly way by means of preferences, which would mean the lowering of duties against other parts of the empire. This has not been done, but quite the opposite. So there is really nothing of which hon. gentlemen opposite may boast in the statement that they have not again put up the tariff higher, even if this further two per cent excise had not been added. I should like also to direct attention to the fact that the excise duty is placed on goods as valued for duty. The average duty is about 30 per cent at this time; so that the excise, when you take it at three per cent as it is now, equals nearly 3.9 per cent. In other words, we shall have when the resolutions of this budget go into effect pretty nearly a four per cent increase in the tariff on everything coming into Canada at the present time on account of a so-called excise tax. How in the face of this increased excise tax, which brings about a condition of tariff legislation higher than we have ever had in the country or than exists I believe in any country, can hon. gentlemen opposite boast that the tariffs this year have not been altered in any particular?

I said that hon. gentlemen opposite were seeking to have it appear that the budget had been balanced. Let me read the statement of the Minister of Finance himself on that matter:

Having detailed the revenues from all sources and the expenditures under the appropriate divisions, the net result of the accounts for the year may now be indicated. With ordinary revenues of \$327,719,000 and ordinary expenditures amounting to \$378,743,000, the resulting deficit on ordinary account is \$51,024,000.

The resulting deficit on ordinary account is \$51,000,000. Where can there be a balanced budget with a statement such as that? But that does not even take into account the special expenditures which have had to be made within the year, and which the Minister of Finance in his own statement proceeds to give:

Special expenditures, including \$49,282,000 for unemployment relief and wheat bonus as previously detailed, total \$55,138,000. As an offset to this amount, \$7,022,000 was received in special revenues, leaving a balance not pro-