

the customs tariff and that an excise tax was for the first time imposed, with a minor exception or two, against all goods coming into the country, whether or not they had been previously admitted duty free. It is due to those tariff increases, and to the additional excise imposed at the last session that we have this astonishing decline in the trade of our country. As I have said the trade during the fiscal year 1931-32 has fallen to less than half of the trade in the fiscal year 1929-30. I wish to impress upon hon. members the fact that our trade has been more than cut in half in a two year period.

Speaking of world conditions, undoubtedly there are, in the main, three which have affected the situation in Canada and elsewhere. The first is that of debts and reparations; that is a legacy of the war, and is not a matter with which this parliament can deal effectively to any extent if at all. The second is the mishandling of the gold of the world, and the general disorganization of currency and credit as related to the supplies of gold. The third is the matter of high tariffs which have been imposed against international commerce. High tariffs have been imposed by the governments of other countries as well as that of Canada. It will be noticed that all three conditions are very considerably inter-related. More and more the economists of the day are pointing out the inter-relation between the effect of high tariffs and the inability of other countries to meet war debts and reparations. More and more there has been pointed out the relation between high tariffs and the present condition of credit and currency in international relations. More and more has attention been drawn to the very serious effects of high tariffs upon trade between the different countries. They are inter-related. These are problems each of which is international in character. Some of them to a greater extent than others are capable of solution by national effort. Of these conditions, the one arising out of tariffs, is the one with which a single nation can do most on its own account. Every nation is in complete control of the tariff it itself imposes. On the other hand no single nation can deal by itself with any condition of world credit or currency, nor can it deal by itself with the problem of war debts or reparations.

If the Liberal party have at this time in its amendment to the budget drawn attention specifically to the tariff and its effect upon present conditions it is because we believe first of all that the tariff has been the most serious of all factors responsible for the intensification in Canada of adverse world conditions, and in the second place, that it is

one which can be dealt with in the most practical way at this time. We have done so, not because we do not appreciate that the other factors are important, but because we believe this is the most important and the most practical one to be dealt with by this parliament at this time. More than that, we say it is the most immediate one in view of the matters to be considered at the forthcoming Imperial economic conference which is to be held in this city in the course of the next three months. These are some of the reasons which have caused us to emphasize the importance of the tariff at this time.

There is another reason. We believe that the vast increase in taxation which has taken place this year has been necessitated in large part by the loss of revenue which this country has suffered in consequence of the tariff ceasing to be a tariff for revenue and becoming a highly protective, I should say, a prohibitive tariff. I wonder if hon. members realize the extent to which the revenue of this country, as collected from customs dues, has fallen. It is a very significant thing that our trade has been more than cut in half. I think it will be found that the revenue of the country from customs duties has been nearly cut in half as well. The Minister of Finance in dealing with this matter said:

Customs receipts fell to \$102,800,000 reflecting the drop in the value of imports occasioned by a number of factors, such as the further decline in prices, the unfavourable exchange rate as regards importations from the United States and generally the policy of encouraging production in Canada.

The policy of encouraging production in Canada! That ought to have been called, "The policy of discouraging production in Canada." It is the policy that is indicated by protective tariffs—that is what is meant by the phrase—of tariffs raised to a point which has made it next to impossible for producers in the great basic industries to develop those industries as they should be developed in this country. May I give the house the total customs import duties for the last four years:

1928-29	\$187,000,000
1929-30	179,000,000
1930-31	131,000,000
1931-32 (estimated)	102,000,000

Now, the total receipts from taxation in these years were as follows:

1928-29	\$395,000,000
1929-30	378,000,000
1930-31	296,000,000
1931-32 (estimated)	273,000,000

What do these figures show? They show that the percentage of customs receipts to total receipts was 47 per cent in 1928-29, 47 per cent again in 1929-30, that it dropped to