

The theory of the 50 per cent requirement of British content, as announced by the Minister of Finance last session, is to help empire trade. This is questioned by the hon. member for Mackenzie, but if a further application of this 50 per cent requirement also helps Canada and Canadian production, because Canada is part of the empire, then, for myself, I would say that it should give no cause for regret. I take it that the British preference is intended for British goods, and I would make this statement: Goods are not British if they are not of British origin or British workmanship to a very substantial percentage. I do not think 50 per cent is at all too high a requirement, and if goods imported from Great Britain are not at least 50 per cent of British material or British workmanship then, I would say that they are not British and are not entitled to the British preference. I believe there are many instances where goods, largely manufactured in continental countries, have been imported into Great Britain and, after some further processing have been exported as British goods and have received the British preference, when as a matter of fact that preference went largely to manufacturers in other countries. I think the hon. member gave a very unfortunate example when he mentioned the matter of furs. He thought it a matter of regret that the manufacturers of furs in Great Britain could no longer go to Russia to buy their furs. When Russian furs are brought to Great Britain and manufactured there they do not contain 50 per cent British content and, therefore, could not take advantage of the British preference. Surely we are not required to go so far as to pay a bonus to the producer of furs in Russia in order to compete against Canadian furs. If the British manufacturer of furs wants to export them to Canada, surely as a part of the empire, we are entitled to some consideration as a fur producer, and he might very well buy his furs in that portion of the empire which produces them.

The hon. member also mentioned mercury. That criticism is entirely pointless, because mercury is actually on the free list and cannot be affected at all by this requirement. He claims that the proper working out of the application of this requirement would help United States industry. I do not know, but I might just as well assume that it might help Canadian industry and this is desirable. I believe this 50 per cent requirement will encourage empire trade. We have not completed our investigations and it is for that

reason I say that the criticisms of the hon. member are premature. Our investigations have only just begun, but investigations so far show that the British manufacturer—and I do not blame him for this—is now purchasing in foreign countries a good many of his raw materials which he certainly can purchase in the British Empire because the 50 per cent British content applies to the whole British Empire. Surely it is not unfair, if he is to get a preference as a British manufacturer, that the thing should be reciprocal, and that the British manufacturer should purchase as much as possible from other parts of the empire. If we are going to continue as we have been doing and he is permitted to purchase where he pleases in foreign countries—and of course this is his privilege—then nothing is changed and we have the old condition that goods come in here as of British manufacture, get the British preference, and yet have perhaps not more than 25 or 30 per cent of actual British content.

When we put the requirement into force a few months ago, the Minister of Finance and I were interviewed with regard to the matter by the British High Commissioner, Sir William Clark. At first his protest was in the direction of a complaint that the application was a little too rapid and that more time should be given. We made some concessions in that regard. Later on a complaint was made regarding certain outstanding commodities which would be very seriously prejudiced in connection with their sale to Canada if we applied the 50 per cent provision. Those three commodities were cotton, copper and chemicals. It was stated that with regard to cotton, certain raw materials must of necessity be purchased from the United States; that the kind of cotton necessary for the particular commodities which they exported to Canada could in many instances be procured only in the United States, and that the cost of the raw material, the cotton, was in itself frequently greater than 50 per cent, so that it would not be possible to have in the finished article a 50 per cent British content by way of labour or raw material. It was suggested, as my hon. friend said, that an exempted list should be formed which should not come under the 50 per cent regulation. As regards cotton, our investigations have not been completed, but we have ascertained some facts. The cost of cotton, as everyone knows, fluctuates. If it is 10½ pence per pound, then the manufactured goods will be able, I think to come under the 50 per cent British content.