

*Special War Revenue Act*

mentioned, but I am satisfied with the minister's explanation. I am not trying to go beyond the terms of the item, but I wished to know if those magazines were included within its scope.

Mr. DUNNING: Yes.

Mr. BENNETT: Of course to me this is most iniquitous. In all the resolutions I cannot conceive of anything quite as bad. Confronted with a situation that admits into this country hundreds of thousands of American magazines of all types and kinds we are now stating that we are going to help the domestic magazines by giving them freedom from excise tax and freedom from a sales tax on ink. Then we turn to the tariff and say that we are going to make the Canadian people pay half the rebate of duties. In other words all Canadian taxpayers have to reward one set of publishers by paying half the amount of money they pay in, because there is a rebate of fifty per cent of the tax paid.

It is well known that before 1930 one publisher was buying his magazine paper from the United States. He paid a duty on that paper, and received a fifty per cent rebate, which we abolished.

Mr. DUNNING: Eighty per cent, was it not?

Mr. BENNETT: Eighty per cent, was it? I thought it was reduced to fifty per cent. Now, in view of what has transpired under the Canada-United States trade agreement we have all these magazines coming into Canada and making a desperate effort to get circulation in this country. Despite what has been said, we get nothing by way of revenue on advertising. An advertising charge in the way of taxation is nothing new; it is a customary procedure in many countries. Some of them make a flat advertising tax. We are losing half a million dollars, to begin with, which is a substantial sum of money.

We are now going further, and we say that we are going to relieve a certain type of publication, not the daily newspaper on its printing paper, and not the daily newspaper on its printing ink. We are going invidiously to pick out certain classes, and they are those who use the paper thus bought exclusively in the production of quarterly, bi-monthly, monthly and semi-monthly magazines, and weekly literary papers unbound. How printing ink would be used on a literary paper bound would be difficult to understand. They might use it at first; I thought the hon. member for Huron North was coming to that

[Mr. Deachman.]

point. I did not hear clearly what he said. It strikes me that the item as it reads is not very clear. Does it carry the full rate of eight per cent, or half the rate?

Mr. DUNNING: The full rate.

Mr. BENNETT: We have raised the sales tax by two per cent on all other people who have to do with the production of magazines or papers. But within a selected group we have said that not only have we not raised it but we have taken it off altogether. The weekly newspaper in Canada has a harder row to hoe than has the magazine. I read of a magazine with a circulation of one-quarter of a million and we are now saying to them that if they will import their paper, we will saddle on the Canadian taxpayer fifty per cent of all the money they pay for duty. We say to them that on the ink as well as the printing paper they buy, we will free them from sales tax. A small weekly newspaper in some remote village with a circulation of 1,000 or 1,200 is forced to pay the regular sales tax. I think this is the most unfair discrimination in favour of one select group. Of course it is done because of the propaganda which was carried on throughout the country and with which we are all familiar. After what was done in 1930 I do not think a week passed when I was not attacked in some of these papers, and I suppose I shall continue to be attacked. However that is not a matter of importance. I suppose there will be a corresponding laudation of the government for all that it has done.

Mr. DUNNING: I shall feel hopeful for that.

Mr. BENNETT: The hon. gentleman has taken every means to secure it.

Mr. DUNNING: I think I am entitled to it.

Mr. BENNETT: If they are so ungrateful as to pass the hon. gentleman by, I will be amazed. Is the action the government is taking quite fair? Immediately this budget was announced certain ink producers in the United States began to try to sell their inks in Canada. These inks will be free of sales tax. Item 1060 shows a drawback of fifty per cent on paper of all kinds, when used by the publisher or printer in Canada in the production of periodical publications enjoying second-class mailing privileges. There are also other provisions with regard to ink, but for the moment I cannot turn them up. I protest against this as being most unfair discrimination in favour of a particular publisher.