

attitude towards everything concerning the well being of the nation.

Then came the drawback of 80 per cent of the duty, which was payable largely to a single firm of publishers. That is not the time that the great progress was made in magazines. It was not made from 1927 to 1929. The great progress that was made in Canadian magazines was made after this charge on advertising was imposed. All you have to do is to consult the figures of revenue on the one hand and of expanding circulation on the other, and then you have the complete facts before you. The statement made by the hon. gentleman was made I think probably in the heat of debate, because he must have known that the great expansion took place as I have mentioned, giving you the figures from the circulation of the papers themselves after this duty on advertising was imposed. When the late Mr. Robb gave the drawback of eighty per cent on magazine calendered paper, one publisher said that it meant \$35,000 a year to him. They made their representations to us, and what did we say? One firm came up from Montreal and said: We are prepared to supply calendered magazine paper. I suppose there is no harm in mentioning it; it was the firm that has a large paper plant at Cornwall. They were making then a writing paper also, in addition to the firm of Rolland's that have done such a large business in making higher grades of writing paper. They were prepared to do this, but it was cheaper at the moment to continue buying their requirements in another country, giving employment to American workmen in their mills, in their forests, at their machines, making American magazine paper to be sent into Canada. We said: It is preferable, having regard to our conditions, that that should be made in Canada, and that we should at least develop our industry to the point where we can make a calendered magazine paper; and we did so.

Confronted with the situation that I have indicated, this agreement does away with the tax, and while the government has the power to increase the tariff and maintain the tax on most of the items, my complaint is that by this agreement they are binding the hands of parliament not to touch this for three years. That is the objection to it. It might well be that in making the agreement they said, in their desire not to make an exception: We are not going to single out one article as an exception. But for three years now there can be no tax imposed on American advertising coming into this country, and I say that that is radically unsound, and that it is known to be unsound. You have all seen the

[Mr. Bennett]

article from which I quoted which was written by Mr. Thompson and was printed in most of the newspapers in this country. The Minister of Finance has it before him, and in that article the writer says that just now there is being carried on in this country the greatest activity for the purpose of expanding the circulation of these magazines. That means that to the extent to which there may be any loss in Canadian circulation, there is just that much shrinkage in our economic life. But it means more than that. It means an expansion of business for all the requirements that go to make these magazines in a country other than ours. It means an expansion of their profits from which the Canadian government receives not a single sou except in so far as postage may be concerned. That is my objection.

I can readily understand the hon. gentleman's argument that this was incidental to the granting of the intermediate tariff, and that it was not desirable to say "except for item so and so." He did reserve the right, and properly reserved the right, to increase the intermediate tariff when the interests of this country demanded it, but to-day we are asked to say that we bind this item for three years or during the life of this agreement, and that we cannot during that time impose a single cent of tariff upon advertising, a single cent upon magazines carrying all this advertising, and which by expanding their circulation are receiving higher rates for their advertising.

To make it still clearer that the great expansion in Canadian magazines took place after this advertising duty was imposed, I point out that it was after the imposition of that duty that a large magazine came out with two issues instead of the one issue it formerly brought out in the same period. All that took place after the duty was imposed.

Let us go a step further. The magazines say: We do not want you to put back the advertising charge. We know this government is in office with a majority larger than any government has had; we know they have made this arrangement, that they have bound this item, and that there is no point in our knocking our heads against a stone wall; we know we cannot accomplish anything, nor can anybody else. Not a single item can be changed; the thing is done, signed, concluded. We can discuss it and point out the consequences that will follow from its adoption, and that is as far as we can go. These magazine publishers are pretty shrewd men; they are men of affairs and business. So