

*Canada-United Kingdom Trade Agreement*

Mr. DUNNING: We imported 2,500 lawn mowers valued at \$40,400, of which 2,100, valued at \$34,300, came from the United States, and 375, valued at \$6,100, from the United Kingdom. The more expensive and higher capacity machines came from Great Britain. We exported 4,600 machines, or nearly twice as many as we imported, 1,200 of which went to the United Kingdom and the balance to Australia and New Zealand. We shipped one lawn mower to the United States. Our exports were valued at \$6,950. In 1934, the last figures I have our production amounted to 27,700 machines, valued at \$171,000.

Mr. MacNICOL: Principally at Guelph?

Mr. DUNNING: Brockville and Guelph, I believe.

Mr. GLADSTONE: One of the largest manufacturers of lawn mowers in Canada is located in Guelph. They are at a loss to understand why at this time there should be a reduction of fifty per cent. They are required to import the special material they use because it cannot be made in Canada, and are now very anxious to know whether they can get some relief in connection with that imported material, the charges on which run at the rate of \$4 per ton. Will the minister give some consideration to this matter?

Mr. DUNNING: From the figures I gave it is apparent that so far as the ordinary hand lawn mower is concerned, the Canadian industry is quite capable of taking care of itself. The British negotiators of the agreement were more particularly interested in the heavy power-driven machines. I shall be glad to consider any request for easement in the duties on raw materials used by any concern which believes it is at a disadvantage by reason of paying duties considered to be out of all proportion.

Mr. MacNICOL: The hon. member for Wellington South (Mr. Gladstone) has demonstrated what happens when tariffs are cut generally. The manufacturer of one product protests against the treatment given to the manufacturer of another product, and asks the minister to lower the duties on the materials he uses.

Mr. DUNNING: When the process is started at the top it is quite easy to reduce all along the line, but the procedure is more difficult when you start at the bottom. At times it involves a geometric increase all along the line.

Mr. BARBER: Does the three per cent excise tax apply to any of these items?

Mr. DUNNING: No.

[Mr. MacNicol.]

Mr. GLADSTONE: I have never found the price of lawn mowers to be exorbitant. I have told the manufacturers in Guelph that they may expect some compensation because of the changes being made by the Canada-United States and Canada-United Kingdom agreements. The markets for our natural products are being widened and as a result the people of this country will have a greater purchasing power.

Item agreed to.

Customs tariff—427. All machinery composed wholly or in part of iron or steel, n.o.p., and complete parts thereof: rate of duty, 10 per cent.

Mr. DUNNING: No change.

Mr. CHURCH: Mr. Chairman, I should like to refer to a matter which I have taken up with the customs department and the Department of Finance concerning the interpretation by customs of some items. It is all very well for us to pass these items as proposed by the Department of Finance, but we find that everything is quite different when we go over to the customs department to get an interpretation of the items. The small manufacturer in Canada is being discriminated against. I have in mind particularly small plants engaged in doing mechanical work for dentists and doctors and melting gold and platinum alloys and doing research work therein. Some of these plants are located at Fort Erie, Windsor and other points along the border. Because of a ruling of the department these plants are being almost driven out of business. Why? Because of the interpretation placed upon this item by the customs department. This same material can be imported free of duty from the United States, but the furnace with which it is manufactured must pay a duty of 15 to 35 per cent to enter Canada, plus a sales tax of eight per cent and an excise tax of three per cent. The result is that the doctors and dentists and refining and melting work go to Buffalo or Detroit to have their work done, which work can be brought into Canada free of duty. These furnaces should come in free because they can't be got in Canada, for the melting of gold and platinum alloys.

I do not want to detain the committee but I think the position of these small manufacturers should be made clear. We should try to keep this work in Canada and give the small man here a chance. A furnace of the type used by the people to whom I refer can be used for only one purpose, that is, the melting of metal. If it is imported by a mining company it is allowed to come in duty free, but when it is imported by these