

sugar in Canada. I believe that that also would be comparatively easy to determine, because maple sugar is more or less of a raw product, slightly processed. I believe in most cases maple sugar is a kind of by-product, and I understand there are no plants devoted entirely to the production of this particular commodity. I notice the United States tariff commission in their report of 1919, series No. 9, gave the result of their inquiries as to the cost of wool. May I say here that I believe it would have been difficult for the Prime Minister to find many other articles, the costs of production of which would be as easy to ascertain as the production costs of the two particular commodities that he did mention; when we come to the more elaborate schedules I think it would be very much more difficult to ascertain the production costs. For instance, the tariff commission of that period were instructed to ascertain the cost of the production of wool in the United States and this is what they discovered: They discovered that in 1919 in Montana wool cost 76 cents per pound. They arrived at that cost by taking into consideration labour, interest on investment, cost of feed, fees and rentals, depreciation and miscellaneous charges. The same year, with the same method of computation, they discovered that wool in Wyoming cost 48 cents; in Washington, 35 cents; in Idaho, 32 cents. But even more singular, they discovered that whereas wool cost 76 cents in Montana in 1919, it cost 44 cents in 1918. It will be seen, therefore, how difficult it is to arrive at the cost of this one raw material which enters so largely into the production cost of woollen goods. In the same year they made the discovery that the cost of producing beet sugar was \$66.40 per ton in one case and \$139.80 in another, these being the extreme costs. This discrepancy is true of agriculture, but the tariff commission decided that it was even more marked in industry. Many of the facts to which I am referring I have gathered from a book written by one Thomas Walker Page, who was at this time chairman of the United States tariff commission. The book, he says, was written with the aid of the council and staff of the Institute of Economics of Washington, D.C. Referring to the cost of manufacture in connection with agriculture, he says:

In many branches of manufacturing the problem of joint costs is even more confusing than in agriculture. In its study of the dye industry in 1919 the tariff commission found that the different producers used five different bases for distributing expenses, namely, the amount of labour directly used on a given product, the cost of the raw material going into it, the amount of superintendence charge-

[Mr. Butcher.]

able to it, the sales value of the product, and the capital investment imputed to it. Naturally the costs show great diversity, and the commission on presenting its report found it necessary to strongly emphasize the uncertainty of conclusions drawn from the cost figures in this report, and the possibility of error in administrative action based upon such data.

And this brings me to my opinion that the tariff board is being given the power of making far-reaching decisions. It has before it the low cost, the high cost and many costs between. Shall the members of that board select the low cost or the high cost or the average? It is for them to decide; and as I have pointed out, this is a greater power even than would be conferred upon them if they were merely asked to make recommendations or suggestions.

I will not say much more because the matter has been so thoroughly threshed out by members on this side. In my opinion, however, the Prime Minister himself last night gave one potent reason why the concluding words of this particular section should be eliminated. These words are:

What increases or decreases in rates of duty are required to equalize differences in the cost of production is simply a matter of mathematics.

If it were possible to establish definitely any one figure as the cost of production in this or any other country, I admit that it would be simply a matter of mathematical calculation to decide the rate of duty that should be imposed. But I believe that is one more reason why the words I have quoted should be deleted from the clause. Surely it is not necessary to impose on this highly paid tariff board—they will receive \$32,000 per annum among them—the duty of making a simple mathematical calculation that might be made by a junior clerk in the office of the Minister of Finance. Moreover, it would derogate from the dignity of the board to instruct them to perform this simple mathematical calculation. For this reason I move that clause (b) of subsection 1 of section 4 be amended by striking out the words I have quoted.

Mr. HEAPS: The proposed tariff board will have an almost impossible task if they are to be asked to carry out the terms of this section. First of all they will be required to determine cost of production in Canada and elsewhere, which means that they will have to travel in all parts of the world to ascertain the costs of producing goods imported either directly or indirectly into the Dominion. This is one objection I have to