

Mr. YOUNG: He does not know.

Mr. STEVENS: The question asked by my hon. friend is not unreasonable; he suggests that should the British parliament reduce the duty on tobacco to a point below two shillings half penny per pound—

Mr. CAYLEY: How much is that in Canadian money?

Mr. STEVENS: At par it would be about 49 cents but at present rates of exchange it would be worth 38 or 39 cents. Should they reduce the duty to a figure below two shillings half penny per pound, then the margin of preference would not be equal to that amount. That is arithmetically correct, but may I point out that in 1919 the margin on tobacco, stemmed or stripped, ten per cent or less of moisture, was eighteen and one-sixth pence; in 1925 it was twenty-seven and one-quarter pence, and in 1932, twenty-seven and one-quarter pence. The general tariff in 1925 ranged from eight shillings two pence per pound to nine shillings one penny, in one case for tobacco with ten per cent moisture or less and in the other, for tobacco with more than ten per cent moisture. The corresponding general tariff rates in effect today are nine shillings six pence per pound and ten shillings six and a half pence per pound. There is very little likelihood of the British parliament abandoning the duties on tobacco, that is something of which I think we need have no fear. As long as the duty is above two shillings half penny per pound, then we get the margin of preference I have indicated. They are guaranteed for a period of ten years from the date of this agreement.

May I take the opportunity, while I am on my feet, of pointing out that in 1925 legislation was passed in Great Britain fixing this rate of duty for a period of ten years and giving to us the preference which I have just indicated.

Mr. GOTT: 1923.

Mr. STEVENS: My information is 1925, but it may be 1923 if my hon. friend says so. Be that however as it may, in this conference we picked up the same principle, the same preference and ensured it for a period of ten years.

Mr. MACKENZIE (Vancouver): Continued it.

Mr. STEVENS: Continued it for ten years from the date of this agreement. May I say to the hon. member for South Essex who spoke a moment ago, there is no need to have any apprehension about the question of

[Mr. Cayley.]

manufactured tobacco, partly or wholly composed of foreign raw tobacco, because the whole matter is based upon the raw leaf tobacco and the original document, the privileges and advantages of which we have enjoyed for eight years or more, is simply carried into this agreement and continued for another ten years. So if we have had no disability during the past eight years, we are unlikely to have any difficulty in the ensuing ten years, even though the interpretation he puts on the article is correct, with which interpretation he will permit me to say I do not agree.

Mr. CAYLEY: Then I take it that the new agreement is in no way different from the 1923 agreement that was entered into; this is a continuation of that agreement for ten years from the date of this one.

Mr. STEVENS: The 1923 legislation.

Mr. CAYLEY: But while the minister sees no possibility of any change arising out of the latter part of this article, at the same time I wonder why men from all parts of the empire discussing this problem, should insert that. It seems to me they must have seen a possibility of some change in the future and, indeed, in the near future, or they would not have inserted that clause. If it is no good there, it should be left out. Perhaps the minister will tell me that it might just as well have been left out. Before I take my seat, although this may not be applicable to this article, I should like the minister's opinion regarding the 99 per cent drawback that is given to foreign tobacco manufactured in Canada and then reshipped.

Mr. STEVENS: My hon. friend possibly means my opinion in regard to the system of drawbacks generally, in this instance applied to tobacco. If one might be permitted to digress into a purely hypothetical question, I may say to my hon. friend that I have never very strongly favoured the 99 per cent drawback system. It has been accepted and practised in Canada for many years.

Mr. CHAPLIN: And all over the world.

Mr. STEVENS: Yes. There are, however, times when the 99 per cent, which is generally accepted, may be too high, but at the present moment I would prefer not to be drawn into, shall I say, an academic discussion of the matter. I have doubts as to the advisability of the drawback in regard to some lines. So far as tobacco is concerned, I have not studied the situation from that angle, so I am unable at the moment to give my hon. friend an intelligent opinion on the subject.