

exempted goods and all that is being asked for now is that exemption lists should also be provided for in the case of British goods entering the Dominion. It is a well-known fact that there are certain raw materials which are not obtainable within the empire: for example, the cotton used in the manufacture of greys is only grown in the United States of America, the cotton grown in the empire only being suitable for fine qualities of cotton cloths.

Grey cottons are an essential requirement to all classes of the community and they must be obtained somewhere. Hitherto supplies have come mainly from the United Kingdom but if the 50 per cent requirement as regards this class of goods is insisted upon it means that in future requirements will be met from United States sources, or to put it more plainly, the government will simply be taking a certain volume of trade from the United Kingdom and handing it over to the United States of America. This, bearing in mind the present attitude of the United States government to Canadian products as expressed in their present tariff proposals, is unthinkable, and I earnestly hope, not only from a personal but also from an imperial standpoint, that it will be found possible to provide for an exemption list.

Then again I have a letter from the Toronto office of Messrs. Wm. Anderson & Company Limited, under date of May 9, as follows:
Milton N. Campbell, Esq., M.P.,
Ottawa.

Dear Sir,—I have noted, with interest, the statement made in the House of Commons on May 7th, 1929, by the Honourable J. A. Robb, in which he said: "That since the official of the Department of National Revenue was sent to England, no more complaints have been heard regarding the proposed new regulation and that no evidence has been forthcoming that British manufacturers cannot comply with the fifty per cent requirement." In the same newspaper I note, with satisfaction, that you challenged the minister regarding this statement and I am enclosing a copy of a letter addressed to the minister regarding this matter.

There is not the least doubt but that if the new regulations are applied without regard to exceptional cases such as the fabrics we have mentioned in our letter to the minister that they will affect very adversely the importations of these classes of British textiles to Canada and will greatly facilitate the importation of goods of similar construction from the American mills.

Attached is a copy of a letter which this firm sent to the Minister of Finance on May 9, as follows:

Hon. J. A. Robb, M.P.,
Ottawa.

Dear Sir,—In the Toronto Globe of May 8th, 1929, you are reported as having made the following statement: "Not long ago an official of the Department of National Revenue was sent to England to inspect complaints by British manufacturers that the new regulations would work a hardship upon them. Since he left we have heard no more complaints and we have had no evidence that the British manufacturers cannot comply with the fifty per cent requirement." Your statement, if correctly reported,

is surprising, in view of the fact that so far as I know nothing has as yet been done to meet the position which arises in the case of certain goods in which my firm is interested, along with many other British manufacturers, and regarding which they made representation some time ago to the Department of Overseas Trade, London.

I refer to goods similar in construction to the sample attached hereto.

I may say that attached to the letter is a sample of this grey cotton, what the housewife would call unbleached cotton.

This material is entirely British made of American cotton. The yarns are spun and the goods are woven in England; the raw material only is not of empire origin and is not available within the empire. The fair market value of such a cloth, as attached, is approximately four hundred and seventy-five pence for one hundred yards and the value of the cotton used in this cloth approximates two hundred and sixty-two pence, and it will, therefore, be seen that although the entire process of manufacture is British we cannot certify that the goods have fifty per cent British labour and material. This cloth is typical of a considerable number of fabrics manufactured in quantity in Great Britain, which under the new regulation would apparently not enjoy the advantages of the British preference, thereby facilitating the importation of such fabrics from the mills of the United States.

It is respectfully suggested that such articles as this are worthy of special consideration and I find it difficult to believe that it is the intention of the new regulation to deny the British preference to goods in which the whole process of manufacture is British and the raw materials for which are not available within the empire.

I would point out that the various firms who have registered complaints with the minister and the British High Commissioner's office are not objecting to the regulation as such, but are asking that exemptions be allowed for certain classes of goods not commercially procurable in the empire, as has been allowed by New Zealand, Australia and also by Great Britain herself.

I direct the attention of the house to the probable effect this 50 per cent requirement will have on Canada's trade. I find that for the year ended December 31, 1928, we had what is commonly called an unfavourable trade balance with the United States of \$333,000,000; that is, we bought from the United States of America goods to the value of \$333,000,000 more than we sold to them. I find that for the same period we had what is commonly called a favourable trade balance with Great Britain of \$257,000,000; that is, Great Britain bought from us goods to the value of \$257,000,000 more than we bought from her. The question of the drop in the value of the Canadian dollar in New York has been raised recently in the house, and the minister read a statement this afternoon