

submit that it would really be the minister. Under section 2 of the act setting up the Department of National Revenue, known as the Department of National Revenue Act, the minister is given the management and direction of the department and is to hold office during pleasure. The difference between the old and new sections is that the minister's decision as to value is not necessarily final. The old section stated that the minister shall be the sole judge of what shall constitute a reasonable advance in the circumstances and his decision thereon shall be final. It is the intention of the government that instead of the minister's decision being final, as heretofore, the importer shall have the right to go to the tariff board on this point. It is possible that the tariff board has not jurisdiction under the existing sections, in view of the decision to which the hon. gentleman referred, but that is a matter which can be remedied very easily. Subsection 4 of section 11 of the Tariff Board Act reads:

The board shall have such powers and perform such duties under this part as are assigned to it by any act of the parliament of Canada or by the governor in council.

Mr. BENNETT: This act will confer jurisdiction under the provisions of the Tariff Board Act. That act says that the board shall have such jurisdiction as may be conferred upon it by any act of parliament.

Mr. ILSLEY: I do not know whether I understand my right hon. friend's argument, but I say that if there is any difficulty as to jurisdiction, it can be remedied by an order in council under section 11 of the Tariff Board Act. Because of the reasons stated by the hon. member for Kootenay East, I submit that that is a very just arrangement. We told the United States negotiators that this would be the way we would apply this section from now on and there might be objections to inserting a provision that the minister's decision in the matter would be final in view of the well known fact that a great many of these values are now, or have been in the past, too high. We are trying to review them to bring them into line. If we agreed to put into the act a provision that they shall be reasonable, and immediately couple this with a provision such as was heretofore in the act, stating that the minister's decision would be final, it would appear as if we were not carrying out the spirit and intent of the agreement into which we entered with the United States. I do not see any objection in the world to leaving that matter in the hands of a competent board to decide, and the question of jurisdiction can be dealt with at any moment if the jurisdiction is defective. The other

[Mr. Ilesley.]

point is involved, as to the meaning of the words "in the ordinary course of business under normal conditions of trade." As I understood the hon. gentleman, he said that in some transactions there is no ordinary course of business; there are no normal conditions, because the parent company is selling to its subsidiary and not selling to a similar body in the United States. That, I believe, is the basis of his argument.

Mr. LAWSON: It might be selling to other companies in the United States.

Mr. ILSLEY: If it is, then there is an ordinary course of business; there are normal conditions of trade, and there is no difficulty whatsoever in applying the section. If there is an ordinary course of business; if there are normal conditions of trade, then you try by investigation to arrive at what the reasonable advance is under these conditions then you apply it and obtain the value for duty purposes. If however there is no ordinary course of business and no normal condition by reason of the uniqueness of the transaction, then you have to fall back on the word "reasonable" and apply a reasonable advance on the cost of production. I do not know why I should defend the section at such length. I see many objections to the section, and have in the past, but I think we should retain it for the time being at least to see how it works. I do not think, however, that the objections advanced by the hon. gentleman are unanswerable.

Mr. LAWSON: Let me put to my hon. friend a specific instance. A parent company in the United States is selling an article to a subsidiary in Canada at a unit price of ten cents. In the market at the place from which the article is exported directly to Canada the ordinary selling price under the conditions of trade then prevailing is ten cents. Now the conditions of trade then prevailing are these: Because there is in the country of export a production far in excess of demand there is tremendous competition and all concerns manufacturing that article and selling it in the country of export at ten cents a unit get from it cost of production plus cost of selling, plus one-half of one per cent on the total capital invested. I ask my hon. friend this question: Under this section, is that a normal condition of trade, or is it the normal condition of trade that the price should be eleven cents a unit in the United States, let us say for example, so as to pay on the capital invested a return of three per cent? Which is it? Under these words "normal conditions of trade" I do not know,