

United States prices are governed by London prices plus the duty. We are governed entirely by London prices. But there is one certainty about the treaty so far as we are concerned, and that is the cost to the people of Canada in dollars and cents.

There are 447 items on which all excise is removed, and that means that the Minister of Finance must make up \$10,000,000 there. There are 238 items on which there is a further reduction of duty, and a conservative estimate of the duty will give about \$8,000,000. To appease the Canadian industry, which will suffer by reason of the importation of manufactured goods from the United States, if we accept the press reports, the government intends to go further and reduce or cancel the excise on the raw materials used by Canadian manufacturers in order to permit of competition with similar products from the United States.

May I say that it is a genuine pleasure to have the Minister of Finance back in the house able to resume his duties. I imagine that his lot, the lot of any minister of finance, is a most unhappy one, particularly on the eve of an election when he has to combat the preelection demands—I will not say requests—for more funds than he would like to give out, demands that come from what we might call a top-heavy majority of government followers. They are the ones he has to consider.

For a moment now I will deal with the Income War Tax Act. I suggest to the minister that in addition to the \$20,000,000 which he has to make up by reason of these losses under the treaty, he has a great many other troubles to which he must give his attention. He has, for instance, the wheat losses. They range all the way from \$30,000,000 to \$60,000,000. Let me be modest and put it at \$30,000,000. Then he has to cover another \$18,000,000 of loss of sales tax on building materials, \$12,500,000 on terminals, and about \$2,000,000 or \$3,000,000 on the importation of goods under the \$100 exemption. Then there was the Canadian National deficit, which in last year's estimate was placed at \$42,000,000. The press reports indicated that at the end of six months that \$42,000,000 was gone and that another \$12,000,000 would be required. With all these worries the Minister of Finance will almost throw up his hands in despair and ask what is the use. Will he not welcome a suggestion which would bring in something instead of allowing it all to go out?

By amendment to the Income War Tax Act, there was a decided loss to the government. Hon. members know full well that if anybody living outside of Canada has an

investment in Canada he is subjected to a deduction of five per cent in the remission of the revenue from it. If from some investment he has a revenue of \$100 his agent sends him \$95 and accounts to the government for the other \$5. But for some reason the government was persuaded in 1936 to reduce that five per cent to two per cent in connection with films. I contend that this government has in the last three years lost no less than \$450,000 to \$500,000. The film agencies say that they are entitled to this reduction because when their films have been run—and I am told by a theatre manager, that the average run is about four hundred times—the films are worn out. Suppose they are; I submit that does not make any difference.

I do not want hon. members to think that I am speaking at random; I ask them to take the report of the Minister of Trade and Commerce covering motion picture films. For the year 1936 they will see that the rentals for films paid to these agencies amounted to \$7,500,000, and in 1937 it was \$8,790,000, an increase of over a million dollars. First of all they wrote off in 1936, about \$1,008,000 in wages; according to the report, for 1937 the figure was \$1,060,000. That is all well and good. They are supposed to retain for the benefit and profit of the agency some 35 per cent, and the balance is remitted to the picture producers and theatre owners in the United States.

It appears to me that Canada is fertile ground for raising money to transmit to these picture producers and film agencies in the United States. They do not lose anything on these films. Hon. members must not think that into each province of Canada there comes a film from the states. Not at all. They bring in one negative and send it to a film processing plant in Montreal or Toronto, and from that one negative they make as many prints as are required. That negative is valued for duty purposes at five cents a foot, which represents about \$165 on a film of 7,000 feet—I use that figure because according to my information that is the average length of a film. Everything is by the foot, whether it be from the United States or for distribution in Canada. The film remains here only ten days and then goes back to the producer undamaged. The prints are turned over to the film agencies for 3¼ cents a foot plus the sales tax, so that the total cost of a film shown in one of these theatres for as long as it can be used is about \$246.

Talk about figures as long as you please, the fact remains that these films yield a rental of between seven and eight million dollars a year. Yet for some reason the government thought it necessary or advisable to reduce that