

Duty on Automobiles

The automobile industry throughout Canada is very much in the same position as the particular company to which I have referred. The business is only seasonal; the greater part of the sales of the Willys-Overland as well as of other automobiles being made in the months of March, April, May and June. During the rest of the year these companies must more or less depend on their export business. The Willys-Overland returns for the year 1925 show that the domestic sales were 47 per cent of the total, and the export sales 53 per cent. Some hon. member in this debate has asked the question, if the Canadian manufacturer can afford to sell a large part of his output in competition with the world's manufacturers, why it is he cannot reduce the price of the car sold on the Canadian market? The hon. member for St. Lawrence-St. George (Mr. Cahan) has answered that question completely. The rebates which the manufacturer gets in the way of the return or drawback of the duties on all goods exported as well as on the materials that enter into the manufacture of his product, enable him to make a profit by means of which he can afford to carry on an export trade, in competition with other countries. But in his home market the Canadian manufacturer has to compete with the mass production of the United States. Owing to the tremendous population on the other side and to his exclusive home market, which is absolutely protected against the world, the American manufacturer has been able to establish mass production, which of course means that he is able to sell his output at much lower prices than are possible in this country. As I said before, the United States is not reducing its tariff even where its industries have been established for a century. The agriculturists of that country in recent years have been demanding very high protection; for instance, 42 cents a bushel against Canadian wheat. It is rather strange that we should be considering the desirability of free trade or lower tariff when so many of our competitors have been raising their tariffs since the war in an effort to protect their home market and their workmen. On the contrary, we are advised by certain members of the House to reduce our tariff, especially on automobiles and other commodities, in order that we may buy them cheaper here. I submit that this is one of the factors that will reduce our population and increase our difficulties generally.

A reduction of the duties on automobiles will affect a great many other industries which depend upon the automobile industry for their

[Mr. A. J. Anderson.]

existence. For instance, the Willys-Overland Company has to import a long list of materials the duties on which range from 25 to 35 per cent, only four of the articles having duties ranging from 5 to 10 per cent.

11 p.m. The company endeavours to manufacture the bulk of the component parts entering into its automobiles, but even so it has to import a great many. In addition, they buy 39 different classes of commodities from 91 Canadian firms, all of whom would be affected by a reduction of duty on automobiles, and this is something which we should very carefully consider before we make any change.

There are several reasons why automobiles and other commodities cannot be manufactured as cheaply here as in the United States. For instance, the limited production here results in higher cost, then the duty on imported materials, machinery and equipment also tend to enhance the cost of the Canadian manufacture. Furthermore, the Canadian car is better finished and generally of a higher standard than that sold in the United States, although they are similarly described in the American and Canadian catalogues. Then again our taxes are higher than those which the United States manufacturer has to pay. All these factors of **additional cost in the manufacture of the Canadian car** should make us hesitate before we decide to reduce the tariff. Undoubtedly we should proceed very carefully. In fact, since the government has appointed a tariff commission, I submit that this resolution should be referred to that commission in order that a proper study may be made of the effect that any reduction of duty would have not only upon the automobile industry but upon allied industries.

During the course of the debate it was said that the amount of duty pocketed by Canadian automobile manufacturers was in the neighbourhood of \$20,000,000, and I believe in the circular distributed among hon. members the figure is placed at \$19,942,641.60. But I do not think this is actually correct. The total value of motor cars produced in Canada in 1925, taking the wholesale price, was \$107,694,168. Of this total \$40,387,904 worth was exported, leaving a balance of \$67,306,264 as the value sold in Canada. These cars were sold as cheaply as possible, and at very little profit to the manufacturer.

I am not familiar with the Ford position, about which a great deal has been said, but I think that Ford cars are in rather a different class from most others cars; and the cars on which the Ford company has made the greatest amount of money are in the category of utility