

were welcome in the markets of the world; but now the high tariffs of other countries are interfering with the export of Canadian made pianos, which are recognized to be of sound, good quality. Under this treaty not only is the tariff against Canadian pianos entering the United States placed at forty per cent as against our tariff of 24½ per cent; not only have we the elimination of our specific minimum valuation of \$75 and the removal of the three per cent excise tax; to add insult to injury the parts required to manufacture pianos in Canada, parts coming from the United States, including ebony, ivory, sounding boards, music wire, glues of all kinds and veneers of woods that do not grow in Canada, all come in under the same tariff rates that applied previously. Therefore, the effective duty against pianos coming from the United States under this item represents a protection to Canadian manufacturers of not 24½ per cent but fifteen per cent.

Mr. POTTIER: Could the hon. gentleman say when the \$75 minimum duty was imposed?

Mr. WERMENLINGER: In 1935.

Mr. DUNNING: No, 1931.

Mr. WERMENLINGER: In 1931, if I am not mistaken, there was an advance of seventy-five per cent in the invoice value of pianos entering Canada.

Mr. DUNNING: No; the minimum duty of \$75 was imposed in 1931.

Mr. WERMENLINGER: Then, when was the seventy-five per cent advance made in the invoice prices of these pianos?

Mr. DUNNING: About the same time, but it was discontinued later by the same government that had imposed it.

Mr. WERMENLINGER: From the information I have, it appears that the seventy-five per cent advance took place in 1931, after we had experienced so much dumping, and the \$75 minimum duty was applied in 1935. I may be wrong, but the fact remains that at the end of 1938 there was a treaty negotiated under which the minimum valuation of \$75 was eliminated. That is the crux of the situation.

Mr. DUNNING: No; the minimum duty, not the minimum valuation.

Mr. WERMENLINGER: Well, call it the minimum duty; but now, under this item, pianos entering Canada from the United States will come in at their invoice value.

Mr. DUNNING: Not those second hand pianos.

Mr. WERMENLINGER: Certainly; second-hand or new.

Mr. DUNNING: No; the Canadian customs law will apply to those.

Mr. WERMENLINGER: Then, why should that circular be issued from New York to all dealers in Canada? At any rate there is an extremely limited market in Canada, and I admit at once, before I am told, that this is not a very, very important industry. There is such a limited market for pianos in Canada that to share this market with foreign competition simply means that our Canadian manufacturers will have to put up with an increased cost per unit in overhead.

Mr. POTTIER: May I ask what effect the increase in duty brought about by the Bennett government had on the industry?

Mr. WERMENLINGER: As I mentioned before, it stopped the dumping. Eighty per cent of the pianos sold in the last two or three years have been of the new design, the boudoir size, and so on. Naturally, in order to sell those pianos, trade-ins had to be accepted. Therefore dealers and wholesalers in Canada are already glutted with old stuff; yet here we are making it possible for second-hand pianos to be brought in from the United States. I fail to see that this is any concession to them, because there are so many dealers, jobbers, wholesalers and manufacturers in the United States that I do not see how they can make any profit out of the small market that is available in Canada. The only result will be that our few remaining plants will close, and, as I said before, we have only about twenty per cent of the plants that were in existence prior to 1929.

There is another side to this story and it is this, that the mechanics engaged in the production of these pianos are experts who have acquired their knowledge through experience and study. If, within the next ten or twenty years, the population of this dominion should become double what it is to-day, where shall we find our experts to work in these plants? Surely my good friends from the west will not say that by purchasing second-hand pianos coming from the Ghetto, the Bronx or the Bowery, of New York, they will bring down the cost of production of wheat. I cite that only because I hear so much about it.

Now, Mr. Chairman, let me conclude with these words. It will be remembered that until about two years ago Japan exported