

Customs Act

1948, and I asked the minister why it had been changed. The minister said, at page 859:

I am informed by my officers that probably the reason for the change was to conform with our obligations to GATT.

I further asked the minister:

Can we have some further explanation? I do not understand to what provision of GATT the minister is referring. I would like information on that.

The minister again said:

The answer is that it was under article 7 of GATT, which requires us to apply actual values.

I refer the minister again to his own remarks in the house on March 12, 1952, as reported on page 359 of *Hansard*, when he referred to the opinion by the Department of Justice. I have it here if the minister would like to look at it. I should like to ask the minister some questions arising from that. First, does the minister agree with what I understand is a view quite widely held, that the situation before the change was working satisfactorily? That is my first question.

Mr. McCann: Mr. Chairman, would you have the hon. member repeat his question. There was so much noise I could not get it.

Mr. Macdonnell: Mr. Chairman, perhaps those who are not interested in this would give some chance to those of us who are.

An hon. Member: Louder.

Mr. Fleming: Get rid of the Liberals behind the iron curtain.

Mr. Macdonnell: I was referring to the question that I asked the minister last Friday evening, as reported on page 859 of *Hansard*, and was referring to his remarks made in March, 1952, on the opinion of the Department of Justice. I then asked the minister this question: My understanding is—I think it has been presented to this committee before—that the situation which existed before 1948 placed the value on the cost of production plus administrative expense plus selling expense plus profit. If I am wrong in detail there it does not matter because I am asking whether the situation before 1948 was reasonably satisfactory. That is my first question and I have several more.

Mr. McCann: It was not satisfactory having regard to our obligations under GATT.

Mr. Macdonnell: That is not my question. I will get to GATT later; I will not forget about GATT. What I want to know is whether it was satisfactory in the period before this opinion was obtained. I want to know if it proved satisfactory as a working arrangement. Incidentally, I will add to my question: How long had it been proving satisfactory, if it was satisfactory?

Mr. McCann: My officers tell me that the opinion given by Justice had nothing to do with the changes made in 1948.

Mr. Macdonnell: We do not seem to be getting very far. I have asked what I think is a simple, direct question and the minister has answered something which I did not ask at all, though I may ask it later. I want to come back and ask whether the situation before the change, which I believe was in 1948, was working satisfactorily. Surely that is a simple question. If it is not clear, I will try to make it clear.

The Chairman: I am trying to make up my mind to what extent I should allow this type of questioning to proceed. Hon. members will recall that for part of the afternoon yesterday we were discussing the amendment of the hon. member for Eglinton which broadened the discussion considerably. That amendment was negatived and we are now discussing the clause which is before us. Any discussion in committee stage must be entirely relevant to the clause. I am just asking myself whether a discussion of events which occurred in 1948 could be considered relevant to this present discussion.

Mr. Macdonnell: Mr. Chairman, I hope I can convince you that it is relevant. We are being asked to approve a measure, which incidentally we are not very enthusiastic about but we think it is at least an attempt to go in the right direction. As I understand it, the need for this measure has arisen largely because of a change which took place in or about 1948. The question naturally arises in one's mind: If it was satisfactory before 1948, why can we not get back to the time when it was satisfactory? I think it is relevant and, as a matter of fact, the minister considered it relevant because he made a statement at some length the other night in committee.

Mr. McCann: The reason given is that we had to accept the GATT agreements and section 36, under which we had been working, had to be dropped because under the GATT arrangement we had to take the actual value.

Mr. Macdonnell: That does not seem to me to be getting us anywhere. The actual phrase from the Justice opinion which the minister referred to in his speech in March, 1952, was based on the words "fair market value" which had been in section 35 of the act. They were construing those words. As far as I am aware, the minister has not given us any wording, except that he did use the words "actual value" the other night.

What I want to know and what I still do not know is whether this opinion of justice was merely as to the meaning of the words