

*Customs Tariff*

Mr. BENNETT: It does not require much mathematical power to leave that as the only conclusion which can be drawn. Why is it being done at all? If no good purpose is to be served by it, if it does not diminish by a single ton the use of Canadian paper, and if it is not to increase by a single ton the importations, why increase the drawback?

Mr. DUNNING: My right hon. friend knows the answer.

Mr. BENNETT: No, I do not. When the minister was making his statement I said, "I cannot understand" and I say to this committee that I cannot understand why he is increasing the drawback, unless the purpose be either to increase importations or to lessen Canadian production. There is no increase in the drawback payable to the importer unless he imports more. Why should we encourage the use of foreign paper when the drawback amounted to less than a thousand dollars? It is difficult for me to understand, because it amounted to many thousands of dollars under the old rule, which was fifty per cent. We all know why the 50 per cent did not bring about results. We know that under the N.R.A. and other considerations which applied to the cost of manufacturing paper in the United States, even with the drawback of 50 per cent the incentive was not sufficient to bring it in in large quantities. Now we are to increase the incentive. The minister now says, "Of course it is because Canadian magazines have no protection." Well, we shot up their circulation in this country by half a million copies. Now they are back to where they were before, with all that involves in shaping, moulding and developing the national character of Canadians. Not only that; the effect of advertising upon the national life of Canada must also be considered. I cannot understand why this is being done, unless it be for one purpose, namely, to increase the quantity imported.

Mr. DUNNING: Perhaps I might answer by mentioning what was stated to be the object of applying for a tariff decrease in a commodity of this kind. The purpose is to have available the competitive price factor when they are bargaining with Canadian producers. That is the real element. Those asking for concessions in connection with this commodity made no secret of their objective. They did not desire to import the commodity, but they did desire to have a competitive price factor which would operate in relation to their purchases from Canadian mills. I have no doubt at all that that is the fact. It is a tribute to the technique of the Canadian industry that it has been trying during the past five or six years

[Mr. Dunning.]

so to develop their processes in connection with the higher grades of paper as to make it possible for them to supply Canadian magazines and other requirements of high grade paper.

Item agreed to.

Customs tariff—1063. Materials, including all parts, when used in the production of engines for use exclusively in the equipment of aircraft: portion of duty (not including special duty or dumping duty) payable as drawback, 60 per cent.

Mr. BENNETT: I hope the minister will realize how desirable it is that we in Canada should at the earliest possible moment begin to think in terms of production in our own country of not only aeroplane engines but also their parts. If those who have followed the story of Russian economy would be good enough to search their memories they would recollect that the first thing Russia did was to begin to manufacture tractors and engines, implements and instruments of production that might be necessary in the development of the defence of their country. I had intended to mention this point when the minister reached another item, but I can do so now. I think we should bear in mind the possibility of manufacturing to the maximum in Canada the commodities essential to the development of our own self-reliance—I believe that word covers what I have in mind.

Mr. MACKENZIE (Vancouver): I can say that that is being carefully considered.

Mr. STEVENS: I believe under this item I would be justified and in order if I were to bring to the attention of the Minister of Finance and also the Minister of National Revenue a matter I have previously discussed. I refer to the practice of invoking the protection of a patent in order to prevent the importation of goods on which a royalty has already been paid in a foreign country. Apparently the goods have been brought in under the customs laws without any violation thereof. I have in my hand a letter I received this morning supporting the view which on several occasions I have brought to the attention of the house. This is a letter from the Retail Merchants' Association of Canada, Saskatchewan provincial board. It is addressed to me under date of April 7, 1937, and is signed by Mr. McQuarrie, the provincial secretary. It reads:

We are very much interested in the fact that you raised the question of the bringing of electric apparatus into Canada from the United States.

We have one of our members here who is being pressed by Messrs. Smart and Biggar, Ottawa, barristers and solicitors for Thermionics Limited.