

need for this subsection. There is another aspect of it which I would bring to the attention of the committee. We have bituminous coal mines on Vancouver Island which are deep and expensive to work. Their market is principally in the cities on the coast. The government of the day made an agreement with Great Britain whereby anthracite coal could be brought in free of duty. It also made an agreement under which it was, if not profitable, at least convenient to take wheat out from Vancouver in ships. The result was that some ships found it necessary to come out in ballast, and they would bring out British anthracite coal at very low rates in lieu of ballast. The production of British anthracite coal is subsidized by the government to a considerable extent. The coal was allowed to come in free of duty; it was subsidized by the government in its production; it was carried for little more than ballast rates and was landed in Vancouver to compete with the local coal which was expensive to mine. We thought we still had a dumping duty to fall back on. When I took the case before the tariff board this clause was not in the act, but they threw out the case although the words "in substantial quantities" were not there. They simply ruled that this coal was not produced in Canada. I offered evidence that 900 tons had been produced last year, but that did not avail. I produced evidence that in years gone by the production had been much larger. I am speaking from a somewhat treacherous memory, but some years before I believe it ran to something like 126,000 tons annually. That was the production a matter of some ten or twelve years before.

What happened is not for me to say. Possibly times got bad or there may have been a lack of capital. Possibly there was competition from other mines which were able to obtain better rail rates. At any rate the production went down. But this is a Canadian institution. The present production is only 900 tons, but how are we going to build it up to its former level of 126,000 tons? Are we going to allow this British coal, subsidized in its production and brought out at little more than the cost of ballast, to come in free of duty and free of dumping duty? The Minister of Finance says quite truly that this is an argument to place a duty on anthracite coal, but we are prevented from doing that by the British agreement. Our only protection is to fall back on the dumping duty. I considered that we got a raw deal from the tariff board when they practically said that no coal was being produced. They could not

[Mr. Neill.]

use the words "in substantial quantity," because they had been taken out of the act. Notwithstanding the objection made by the leader of the opposition, I contend that this ten per cent is too high.

I just want to place the situation before the Minister of National Revenue and the Minister of Finance. I need not go into the evidence. To some extent shipments of coal from Great Britain fell off, but there is nothing in the world to prevent their being increased. In that case it will be disastrous for our local coal mines. The Minister of National Revenue said our coal and the British anthracite served different purposes, but I do not think so. Our main mine serves a purely domestic market, although some of our mines produce coal for bunkering purposes. A great deal of the coal mined at Nanaimo has to go to Vancouver. If every housewife in Vancouver realized the superior qualities of anthracite coal, they would adapt their furnaces to its use. That has been the main obstacle in the use of this coal; the furnaces are not adapted. In the meantime sales have fallen off, but with the assurance in this act that they will never be troubled with a dumping duty, there will be considerable encouragement to go ahead. That is the situation, viewing it from a local angle. I think it is a different picture when I put it in that way.

Mr. STEWART: Does the minister think the provisions of paragraph 5 in the note to Japan can be carried out by regulation? This paragraph reads:

Opportunity will be afforded for appeal to the tariff board of Canada respecting any value for duty which may in future be established under section 43 of the Customs Act. In the event of such an appeal the value for duty in force will, upon the expiration of three months after the date of appeal, cease to have any force or effect unless the tariff board, following a public inquiry, finds that such value or some lower value is required to prevent the importation of the goods into Canada from prejudiciously or injuriously affecting the interests of Canadian producers or manufacturers. If a lower value is found by the tariff board to be appropriate such lower value will promptly be made effective.

Mr. ILSLEY: That undertaking has been carried out by regulation, by amending the Customs Act. It could have been done by order in council under the Tariff Board Act.

Mr. STEWART: We regulate our customs by an act of parliament, which is the proper way, and we regulate administration by orders in council and by regulations passed under the provisions of the act. To show that this is not simply an amendment of customs regu-