Let me say at the outset that the Canadian cotton manufacturing industry is owned, operated and staffed by Canadians to over ninety-five per cent of its capacity and to as large a degree as any other manufacturing industry in the dominion.

The retail or consumer price level of manufactured cotton goods in Canada is relatively lower than the average index of wholesale prices. Any comparison between the domestic and British and foreign cotton industry must be based upon the maintenance of fair and economic competition in regard to relative overhead, capital, manufacturing and wage costs in Canada, the United Kingdom and foreign countries.

The member for Shelburne-Yarmouth (Mr. Ralston), in his speech on the trade agreement between Canada and the United Kingdom, made a tabulation purporting to show the comparative duties on imported cotton goods under the Dunning, Bennett and conference tariffs. This tabulation is designed to show that the Canadian cotton manufacturing industry is developing and operating at excessive cost to Canadian consumers, and purports to prove that the protection afforded the Canadian cotton industry under the most recently changed tariffs is excessively higher than those in effect prior to 1930. All forms of duties and taxation imposed on imports are included under the 1930-1931 and conference rates, shown in the tabulation, and the inference is broadcast that this represents the protection now being afforded the domestic cotton industry.

Obviously this line of reasoning is so exaggerated as to be discounted on the face of its own evidence. It is an established and easily demonstrable fact that, due to current low commodity price levels and the abnormal currency exchange situation, the actual protection per pound afforded the domestic cotton industry under the new tariff rates is lower than under the rates established by the Dunning tariffs introduced after the exhaustive investigations made by the Moore tariff board. The excise tax, sales tax and currency dump duties on importations offer no measure of protection to domestic producers; in fact, in actual operation, they constitute a penalty of upwards of two per cent on domestic industry, which must be deducted from current tariff rates in measuring the amount of protection afforded.

It is obvious that with cotton goods fixed today on the basis of raw cotton at around 6½ cents as compared with 18 cents three years ago, the ad valorem or percentage tariff duties afforded a greatly reduced unit per pound or per yard rate of tariff. This was offset to some extent by the specific, or unit weight or measure, rates imposed on importations in 1930. Manufacturing and wage costs in Canada have remained about stationary. Wages in the English cotton industry were reduced 12½ per cent in August, 1929, and again in September last by another 15½ per cent, a reduction from 82½ per cent to 67 per cent on the lists or 1/8½d. in the pound. Manufacturing margins in the world cotton industry, particularly in the United States and England, have been virtually wiped out during this period due to excessive production and disorganization of the industry. This condition has intensified export competition in the cotton trade to the highest degree reached in history. It made absolutely necessary the steps taken by the Canadian government to safeguard domestic trade and industry from such ruthless competition. These measures were taken through the power of arbitrary valuation for customs purposes of such distress, or dump, merchandise entering this country. The hon. member for Ontario (Mr. Moore), who has had more practical experience in tariff matters than any hon. gentleman on the opposite side of the house, commended the government for taking these necessary steps to protect Canadian industry against unfair competition. It should be emphasized that no arbitrary valuations have been applied on cotton goods imported into Canada from Great Britain.

The excise tax of three per cent on importations applied equally on importations of raw materials, supplies and equipment used in Canadian mills, and is purely a revenue tax. Upwards of two per cent of any benefits which might accrue by reason of the excise tax is offset by the application of this tax on imports of necessary raw materials and supplies.

The sales tax of six per cent, which is another purely revenue tax, is applicable equally on domestic production as on importations. It must be applied on the duty paid valuation of importations to equalize its effect with the admittedly higher primary market or domestic mill prices. Sales tax, therefore, is entirely obliterated in consideration of protection measures.

The currency regulations are purely measures to offset the advantages in this market obtained by exporters from countries with depreciated currencies, and on the other hand, to offset the disadvantages of Canadian producers as against exporters from gold countries on account of the depreciation of Canadian currency. The principle of the depreciated currency tax is to maintain a relatively stable level between the purchasing power of the Canadian dollar in terms of Canadian mer-