

much behind their orders. So even in respect to copper this regulation might well be delayed. The British manufacturers contend that while they do use Canadian copper, they find it almost impossible to make an affidavit as to the exact content in any particular line of copper goods. That is, to comply with the regulations they have to make an affidavit that all the copper in a particular manufactured article is empire copper. It is very difficult to segregate the lots of copper that come from different parts of the world. Then take velvet. Raw velvet, I understand, comes from Japan, and again as in most of the manufactured goods, the value of the raw material is more than 50 per cent of the value of the finished article. Of course, when that is so, the manufactured goods are debarred from the advantages of the British preference.

Then there is the question of mercury. Last Tuesday I read a letter from the British federation of industries which showed the effect that this regulation would have on mercury and its compounds. The letter pointed out that not only is mercury in its original form not commercially procurable in the British Empire, and therefore would be debarred under this regulation, but that there are many compounds of mercury. Mercury enters into many drug compounds, and these would all be affected to a very large extent. But the most important commodity, and the one that will be affected most seriously by this regulation, is cotton. As hon. members know, almost all of the cotton used in the British mills comes from the United States, and naturally, all other things being equal, it would be easier for the Americans to manufacture their cotton and ship it in here than it would be for the British manufacturers. The only thing that helps the British manufacturers to compete here is the British preference. If they are denied that advantage, it seems to me, while it might help our textile manufacturers to a limited degree, it would divert a good deal of the trade to the United States. I will deal with that later on.

On Tuesday I read considerable correspondence that has passed between the British High Commissioner and the Department of National Revenue, and also between the British federation of industries and the same department. The Minister of Finance, in answer to a question of mine to be found in Hansard on page 2314 said:

Mr. Robb: It is the 50 per cent clause the hon. member is referring to?

Mr. Campbell: Yes.

Mr. Robb: The 50 per cent requirement of British labour and material. We have discussed this matter with the British board of trade and I think they are quite satisfied with

the arrangement. There is a member of the Canadian customs staff in England at the present time and if they desire to have this 50 per cent clause checked up he is available to do that work and we would consider the matter on his report. So far nothing has been brought before us to indicate that any companies are having trouble coming within this regulation. The broad general statement has been made that some of them could not come under it, but as yet there has been nothing submitted to us.

Further on I made this statement:

Mr. Campbell: If I understood the minister correctly he said that the British authorities were satisfied with the 50 per cent regulation?

To which the minister replied:

Mr. Robb: We have heard no complaints.

Then on page 2316 the minister in answer to a statement of mine, said:

Mr. Robb: What justification has my hon. friend for saying that the minister has not dealt with the complaints?

Further on he said:

I understand that the officer is now on the way home. I imagine when he returns, we shall have the report, but I repeat that while my hon. friend has read from a long list of statements which have come from overseas, he has not made out any case that British importations have been stopped.

And again he said:

There may be cases where it is not obtainable, but these cases will be adjusted when the report of the officials of the department investigating the matter comes before us. That report has not yet been presented.

On the following morning, May 8, I noticed an article in the Citizen which I will read for the information of the house:

Considerable concern has been aroused in the office of Sir William H. Clark, British High Commissioner, by comments, made by Hon. J. A. Robb, Minister of Finance, on the new 50 per cent empire labour and material preferential regulations in the House of Commons budget debate last night.

Questioned on the minister's statements, R. H. Hadow, first secretary in charge in the absence of Sir William on his western Canada trip, said this morning that he found it difficult to reconcile Mr. Robb's statement that the report of the Canadian government investigator in England had not yet been received with the official information given the high commissioner's office that the report was made on April 26 to the minister of national revenue.

Mr. Robb's statement that no further complaints had been received since the Canadian government investigator began his investigation among British manufacturers early last March is explained by the high commissioner's office in that all complaints were made direct to Major L. A. Wilmot, Canadian customs service agent in London, England, who made the investigation.