

but whether or not it is ample for the maintenance of our \$15,000,000 business, I cannot say. It did strike me, when I was looking at it, that it was questionable whether it was sufficient. I know that the minister is dealing with it from the point of view of what he thinks fair for the interests concerned, and if he thinks 27½ cents is ample he must have good reason for so thinking. But having regard to my own experience and the magnitude of the item, of which I had no idea until it was first brought to my attention, I doubt whether we are warranted in substituting for the old 35 per cent rate a 27½ per cent rate, added to the fact that we have made the poundage rate 2½ cents less against United States imports. That is my fear; I hope I may be wrong.

Mr. DUNNING: I have gone into the matter with some care, particularly having regard to the figures. As a matter of fact, there was a surprisingly small increase in the first three months relatively to what might have been expected.

Mr. BENNETT: It was \$900,000 in the year.

Mr. DUNNING: Compared with \$826,000 in the previous year. I find there are one or two things operating in connection with this item. One is the rising price level in the United States, which is of considerable importance, and another is the important psychological effect of our regulations that American printed matter shall have on it "printed in the United States." There is no doubt that this does have an effect—

Mr. BENNETT: A very marked effect.

Mr. DUNNING: A marked effect, yes. It has a marked psychological effect in the business. Having regard to the fact that there was \$943,000 worth of imports out of a total business of \$15,000,000, I felt, after examining all the factors, and not losing sight of the excise tax as an additional consideration, that this was fair; and I must say I have had no representations to the contrary from any of the interests affected since it became known that this proposal was to be made. By and large, I think it will hit the mark.

Mr. STEWART: I assume that the discrepancies in value for duty purposes on the poundage basis were not apparent prior to this change in the United States agreement.

Mr. DUNNING: Yes, because the government of which my hon. friend was a member, in dealing with the problem, adopted the principle which we are here reinstating in connection with the intermediate tariff.

Mr. STEWART: But under the tariff as it existed before the trade agreement with the United States, when this was put under the preferential rate, there was not such a discrepancy in the rate on the poundage basis as there has been since it has come under the preferential tariff.

Mr. DUNNING: Oh, yes; it immediately reverted to what it had been previously.

Mr. STEWART: While you had the poundage basis and the percentage rate, there was not the same difficulty as there has been since.

Mr. DUNNING: Of course not, because of the wide disparity in the value of the articles dealt with under the item.

Mr. STEWART: How long has that provision "printed in the United States" been in force in connection with advertising of this sort?

Mr. DUNNING: Many years; I cannot say how long. I do not remember personally when it was not in effect, but it has had a cumulative psychological effect.

Item agreed to.

Customs tariff—180a. Photographs for use only as news illustrations, under regulations by the minister: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. DUNNING: The only change is in the wording, which permits agencies to bring in news illustrations for the use of small newspapers. "Sent to the press" was the old wording—photographs sent to the press for use only as news pictures. The new item is photographs for use only as news illustrations.

Mr. BENNETT: It is not the plates, but merely the photographs.

Mr. DUNNING: Yes.

Item agreed to.

Customs tariff—180d. Photographs, paintings, pastels, drawings and other art work and illustrations of all kinds, whether originals, copies or proofs, for reproduction in periodical publications enjoying second class mailing privileges (other than daily newspapers): British preferential tariff, free; intermediate tariff, 10 per cent; general tariff, 25 per cent.

Mr. DUNNING: I have an amendment to offer. The change proposed in this item, as compared with the printed resolution in Votes and Proceedings, is the addition of a proviso which will explain itself:

Provided that goods which are entitled to entry free of duty or at a lower rate than as indicated in this item shall not be entered at the rates specified in this item.

The item itself is a rather confused one in its development. The intent of the budget