

*Customs Tariff*

Mr. BENNETT: Electrical energy is used to a large extent in the factories.

Mr. ROSS (Moose Jaw): Yes, but some of them buy coal.

Mr. BENNETT: Very few, and I have seen many of them.

Mr. ROSS (Moose Jaw): When you put the tariff on for one fellow, you put the other fellow's costs up. My idea would be to cut off some of the tariff that the other man had, and allow the Canadian furniture manufacturer a better chance to make furniture in Canada.

Mr. BENNETT: That would not affect glass.

Mr. ROSS (Moose Jaw): There should not be any tariff on it at all, for that very reason.

(8) The greatest disadvantage suffered by Canadian furniture producers as against United States manufacturers is the smallness of the cut in the Canadian factory—

And they go on to say—

Mr. DUNNING: I wish the hon. member would quote it in full. If any is going on Hansard, let it all go on.

Mr. ROSS (Moose Jaw): I shall put it all on.

(8) The greatest disadvantage suffered by Canadian furniture producers as against United States manufacturers is the smallness of the cut in the Canadian factory in respect of any one piece or suite of furniture. A cut of 50 is with few exceptions a maximum in Canada, and frequently the cut is much less, while in the United States a cut of 100 is regarded as the economical minimum. The result is that labour and material costs and overhead are relatively to production much higher than in the United States.

(9) The board's investigations show that furniture in carload lots can be and is being imported from the United States into Montreal, the largest retail centre for furniture in Canada, at prices laid down duty paid below the prices at which similar Canadian furniture can be landed in Montreal from southwestern Ontario, the main source of Canadian higher-priced furniture. In considering this fact it must be borne in mind that a substantial proportion of such furniture manufactured in southwestern Ontario in 1936 was sold at a loss to meet the United States competition.

(10) The concentration of buying power in a few companies; the advantage of exclusive designs obtained by importing furniture from the United States; the power to control manufacturers' prices by means of volume purchasing power; and the threat, suggestion, or fear of importations: all these factors put the furniture manufacturers in a peculiarly vulnerable position. The fact that the existing equipment in the 404 furniture factories in Canada is far more than sufficient to supply all Canadian requirements and the consequent existence of extremely severe competition among so many Canadian plants increases the power of the large buyers to exert pressure on the manufacturers.

[Mr. J. G. Ross.]

The extremely keen competition within Canada would, in the opinion of the board, prevent any substantial increase in the price which the Canadian manufacturers could realize for their furniture even if the duties were raised to their former level.

If that is the case, I do not know what they want it for.

The absence of importations would remove only one of the elements constituting the pressure which the large volume merchants are able to bring to bear on the manufacturer.

While an increase in the intermediate tariff will not solve the problems of the Canadian furniture manufacturers an increase of such tariff to 37½ per centum, which being subject to a reduction of 10 per centum would make the effectual rate 33¾ per centum,—

That is not a fact, because you must add to the duty paid value, the three per cent. That brings it back to over 37 per cent. I continue:

—would, in the opinion of the board, accomplish the following: First, it would affect the attitude of mind of the manufacturers whose perspective has been dislocated by the sudden drop in their protection from 45 per centum to 27 per centum.

There is a new idea in making tariffs. Some years ago I remember hearing a bridge game being played in New York where a man named Jacoby made a psychic bid. This is a psychic bid by the tariff board on behalf of the furniture industry. They were shocked when their protection dropped from 45 per cent, not to 27 per cent, but to 30 per cent.

Mr. DUNNING: If you say 30 per cent, then you must start at 48 per cent.

Mr. ROSS (Moose Jaw): It would be more than 48; it would be 49.

Mr. DUNNING: Forty-five and three.

Mr. ROSS (Moose Jaw): It is 100 plus 45, which makes it 145. Put your three per cent on that, and you get 49½.

Mr. BENNETT: Not quite a half.

Mr. ROSS (Moose Jaw): I continue the quotation:

Second, it would give them an opportunity to carry on substantially as they did before the change in their protection for a period during which they might take stock of their position and perhaps work out a more economically organized industry than now exists.

In other words, they could not have an economically organized industry with 45 per cent protection. They had that protection for years and they never realized that they had to have an economically organized industry until the tariff was cut on them. Now that they have realized that, for goodness sake put the tariff up so that they can still be uneconomical