

And lastly:

(f) generally, all the conditions affecting production, manufacture, cost and price in Canada as compared with other countries.

The clause was amplified in that way in part to meet the point of the very admirable suggestion made by the hon. member for Kenora-Rainy River, about which I am bound to say that he knew less than his observations indicated. If he had taken the trouble to read the section in question he would have seen that it is prepared for the purpose of enabling that tribunal to ascertain to what extent there has been watered stock.

Mr. ILSLEY: It is not compulsory, though. That is the difference between the section and the suggestion of the hon. member for Kenora-Rainy River.

Mr. BENNETT: The hon. member for Hants-Kings says that it is not obligatory. If he can use any words stronger than "shall make inquiry as to" I shall be obliged to him. The word "may" is used in a statute sometimes in the permissive sense, and sometimes it is obligatory, but here the word used is "shall".

Mr. ILSLEY: But only at the request of the minister.

Mr. BENNETT: Certainly. The board "shall, at the request of the minister, make inquiry as to" the factors mentioned in paragraphs (a), (b), (c), (d), (e), (f). One of the factors that enter into cost is the question of overhead, and overhead, of course, in these days, is determined almost as a matter of science. Let me put to the hon. member who moved the amendment, and who made a most moderate and reasoned and fair statement to this committee, that we are no longer living in 1919, and if the facts were as he alleged, then the conclusions he has offered would not be extreme. But I wonder if this committee realize the extent to which in modern business there has been improvement in the ascertaining of costs over eleven years. Compare 1919 with 1931. I had occasion about a year and a half or two years ago to examine the cost sheets of a very large enterprise, and I was amazed to find that costs are no longer worked out in decimals of one-tenth of a cent, but down to four decimal places; that is, for example, to .8716 of a cent. In these days of modern competition the question of costs has become the all-important factor, and the costs director of a company is the man who very often determines its solvency or insolvency. When it is said that you can compare 1919 with 1931, no regard is paid to modern account-

ancy and to the relation which modern competition has created between the cost side of a business and its resultant product.

This section endeavours to provide, first of all, that your raw material must be considered. Is it found in Canada, or is it imported into Canada? Is it material that lies close to the factory which uses it, or is it thousands of miles away? Can you say that of the whole of the raw material so used, or only part of it? Must you add to the raw material which is the principal ingredient of the product other raw material from abroad or raw material found at home? These are vital questions at the threshold of the inquiry.

Then you go into the next question of processes, and the hon. member was quite right when he said that the complicated processes of modern manufacturing are matters that call for extreme care in the accountancy department of any modern business. That is why the business that disregards it is in the hands of a receiver, while the business that cares for it flourishes. That is why I think the observation made by the hon. member for Hants-Kings the other day was worthy of attention, when he used the word "efficient" production. I know of one case that came before the advisory tariff board, so called, in which the standard was the standard of the lowest form of production in Canada. So long as you take such a standard you can justify almost any duty you want, but if you use a standard of efficient production, then you can make comparisons of efficiency. I have had some little experience in business; at one time it was rather extensive. I was privileged to have some knowledge of almost every branch of business, whether it was the packing business, the paper business, the insurance business, the electrical business, or what it might be, and I realized that the question of cost was an all-important one, because even if your profit be only $\frac{1}{3}$ of a cent per unit, if your volume is large enough you make an enormous fortune. I know of one case in which the profit on the single unit of production of the company amounted to less than $\frac{1}{3}$ of a cent, and yet the volume was so large that the return was magnificent and it looked as though it were too large a return upon the investment. Yet the individual unit return was small.

It is proposed that here you have a body that shall inquire into the cost of your raw material, the cost of your production machinery. Have you modern machinery? Are your conveyors proper conveyors or are they old-fashioned? Have you electric power attached to the shafts or do you rely upon power of