

same problem, but they felt that they could not accede to the requests for the reasons I have indicated.

From one standpoint I believe that this is an opportune time to enact such regulations. The cost of production of certain commodities is higher than it has been for some time and there will be no incentive to purchase. There are other commodities which can be purchased for the same price and there will be some incentive where there is a specific tax on items such as sugar. The freedom from the three per cent tax is something and the freedom from the ad valorem or specific tax will be substantial. I think the average duty last year on taxable items from the United States and other foreign countries was something in the vicinity of seventeen per cent. That is my memory; I may be under the mark and it may be nearer twenty per cent, although I believe the figure was 17·86 per cent. That was arrived at after taking the figures for a limited number of months. This means that this much revenue will be lost on every \$100 worth of goods brought into Canada. While one is delighted to think he can spend forty-eight hours in another country, whether it be Great Britain, France or the United States, and be able to bring back a tankard which does not cost over \$100 without paying any duty of any kind, without paying any sales tax or excise tax—

Mr. DUNNING: It amuses me to hear of my right hon. friend bringing in tankards.

Mr. BENNETT: It amuses me too, but it did not amuse me when I had to pay a fifty-eight per cent tax. At any rate, the volume of goods coming in will be very much limited at first.

Mr. DUNNING: It has been so far.

Mr. BENNETT: The reason for that is quite simple. The people have not the cash with which to buy goods. When one buys in this country he can sometimes buy on credit, but when he spends forty-eight hours on the other side, he has to pay his hotel bill and pay cash for any goods he purchases. In certain sections of the country the people have not the money with which to buy, but conditions may change.

As I say, if only half a million people each purchase \$100 worth in a year, this means the enormous volume of \$50,000,000. It is amazing how rapidly it counts up. Only half a million people, crossing a border 3,000 miles long, buying \$100 worth each in 300 days, excluding Sundays and holidays, means

that a tremendous volume of trade is affected. Fifty million dollars worth of trade bears an appreciable relation to the entire import trade from the United States during recent years. That is the reason why I ventured to mention the matter in the way I did. I felt that we could not form any estimate by mere conjecture, but the fact remains that if only half a million people cross the border and decide to make purchases amounting to \$100 each during the year, the revenues of the country will be tremendously affected. The instruments of production, whether they relate to cotton, clothing, radios, electrical appliances, groceries or food, will be affected also as from the very nature of things, their being produced in the United States, it will be cheaper to buy them there. I say again that this privilege is something we would all desire to have, but I do not think our economic condition is such as to warrant our being able to grant it at this time.

Mr. DUNNING: I think the observations of the leader of the opposition are very much to the point, but there are one or two considerations which I might mention in addition to the one to which he referred. The rising cost of commodities in the United States was very much in the mind of the government. We also considered the fact that because such articles did not pay a sales tax in this country it did not follow that they were free of taxes in another. If I remember rightly there are at present state sales taxes in the states of New York and Pennsylvania. I have not in mind the exact rate levied—

Mr. BENNETT: Two per cent in New York city and two per cent in New Jersey.

Mr. DUNNING: These factors will tend to operate, of course; but in the main it appeared to us to be the time at which we could make this concession, especially having regard to the great desirability of retaining the United States concession in its present form. When it is said, and said truly, that the United States concession to its own citizens has been in effect a great number of years, I would call attention to the fact that it has been seriously hampered by restrictive regulations, until comparatively recent years. It is only in comparatively recent years that we have seen notices in Canadian stores reminding American visitors of their right to return with \$100 worth of goods. Formerly the restrictions were of such a hampering kind as to render the privilege not nearly so useful and available to returning Americans as it is to-day.