

Canada-United Kingdom Trade Agreement

has gone up and how it fluctuates all the time in view of our tariff structure. In 1930 when the tariff on the item jumped, some of the manufacturers in Canada refused to invoice goods to the secondary manufacturers. They shipped the goods, and when they felt the rate was going up they sent the invoices. The result was that the costs went up, too.

Mr. DUNNING: I am afraid the leader of the opposition will have to answer the hon. member.

Mr. HEAPS: I happen to have seen correspondence in connection with the matter. I have never yet been able to discover why the textile industry in Canada requires an intermediate rate of $27\frac{1}{2}$ per cent.

Mr. DUNNING: That is the intermediate rate.

Mr. HEAPS: Our importations are chiefly under that rate, and in addition there is the excise tax of three per cent, bringing the whole rate to something over 30 per cent.

Mr. BENNETT: And in addition a specific duty of three and a half cents per pound.

Mr. HEAPS: We cannot justify so high a tariff on articles in every-day use by the people of Canada.

Mr. DUNNING: My hon. friend's original premise is wrong when he states that the importations come principally from the United States. In every classification of this item which I read, the imports from Great Britain are two and three times as great as those from the United States, and in some cases even more than that. The competitive factor in connection with textiles of this character is the British price.

Mr. HEAPS: My information is that so far as denim is concerned, there is hardly any imported from the United Kingdom. The minister admitted a few moments ago that there was no item which would show the amount of denim imported from the United States and from the United Kingdom.

Mr. DUNNING: Let us see if we cannot get a closer figure. Is denim a woven cotton fabric printed?

Mr. BENNETT: No.

Mr. DUNNING: Is it a woven fabric, cotton, piece dyed?

Mr. BENNETT: No.

Mr. BAKER: Sometimes it is.

Mr. DUNNING: Or is it yarn dyed? I think piece dyed would more likely cover it.

[Mr. Heaps.]

Mr. BAKER: It would not be woven; it would be piece dyed.

Mr. DUNNING: Under that heading we imported from the United Kingdom \$1,750,000 worth, and from the United States \$500,000. The price competitive factor is the imports from the United Kingdom.

Mr. BENNETT: On cotton textiles.

Mr. DUNNING: If it should be yarn dyed, the imports from the United States last year were only \$130,000 as against nearly \$400,000 from the United Kingdom.

Mr. HEAPS: I think the figures quoted by the minister prove my contention. The tariff on these items is so high that the Canadian manufacturer cannot afford to bring in these goods. Eight-ounce denim which will sell in the United States for 15 cents a yard will cost the manufacturer here the same price, plus whatever tariff is placed against the material. The Canadian manufacturer has freight charges to pay and other items of expense which make it impossible for him to bring in this material. The figures read by the minister would indicate that he cannot possibly import these goods from the United States.

Mr. BAKER: How does Great Britain keep the cost down?

Mr. HEAPS: There is very little of this overall material brought in from the United Kingdom. I am told that they do not produce it there at all. The only competition is from the American manufacturer. The Canadian manufacturer finds it impossible to bring in these goods from the United States. I would venture to say that if the rate of duty was reduced from $27\frac{1}{2}$ to $22\frac{1}{2}$ or $17\frac{1}{2}$ per cent, the minister would find that within twenty-four hours the Canadian manufacturer would bring down his price in conformity with the change in the tariff structure.

Mr. MacNICOL: And throw a lot of men out of work.

Mr. DEACHMAN: What were the rates on these items prior to 1930?

Mr. BENNETT: There was no specific duty at that time.

Mr. DUNNING: The last time this item was dealt with was in the budget of 1928. At that time the rates were 20 per cent, 25 per cent, and $27\frac{1}{2}$ per cent ad valorem, with no specific duty. Under this proposal the rate will be 20 per cent as against Great Britain, exactly the same as it was in 1930.