

*Canada-Uruguay Trade Agreement*

duty from 35 per cent to 30 per cent; wool, on which the duty has been reduced from 15 cents to 10 cents per pound; lard and lard compounds, on which the duty has been reduced from 2 cents to 1½ cents per pound, and hides and skins, which continue on the free list. Flax seed, bearing a rate of 10 per cent under both the intermediate and general tariff, is not reduced under this agreement.

To sum it up, Uruguay is granted the same rates under the most favoured nation arrangement as are given to other countries which are her competitors.

Mr. BENNETT: Has there been any visible effect upon our trade?

Mr. EULER: Very little. I may say to my right hon. friend that I really have not had an opportunity to look into that.

Section agreed to.

Sections 3 and 4 agreed to.

On the schedule.

Mr. BENNETT: From the little investigation I have been able to make—I am bound to say it was very slight; I just looked up the figures the other evening—the real truth about it is that the agreement does away with a potentiality rather than bringing about any present benefit, and the minister has been very frank about it.

Mr. EULER: That is quite true.

Mr. BENNETT: There is no doubt about the fact that at the moment Uruguay purchases from us a small quantity of goods, only some \$350,000 worth, and our access to the markets of that country will be no easier after this measure passes than it was before. But Uruguay took the right, as several other countries in South America did, to impose upon us what was practically a surtax because she did not enjoy most favoured nation treatment. Now, having been accorded that treatment, she has freed us from the possibility of such a surtax being imposed.

Mr. EULER: Yes, and in addition she will give us equal treatment with other countries as far as exchange and quotas are concerned.

Mr. BENNETT: I notice that, but it is reciprocal; we say we will do the same for her also.

Mr. EULER: We have no exchange control.

Mr. BENNETT: With respect to exchange and quotas.

Mr. EULER: We have no quotas either.

(Mr. Euler.)

Mr. BENNETT: No, but we might have. It is all based upon that. The other phase of it is that at the lowest tariff enjoyed by any country of the world trading with Canada will be enjoyed by Uruguay. That is a short way of putting it, is it not?

Mr. EULER: Excepting from the British Empire.

Mr. BENNETT: Yes, with the exception of the British Empire.

Schedule agreed to.

Bill reported, read the third time and passed.

#### BUSINESS PROFITS WAR TAX ACT

Hon. CHARLES A. DUNNING (Minister of Finance) moved the second reading of Bill No. 85, to revive and amend the Business Profits War Tax Act, 1916.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Act revived. Administration validated.

Sir GEORGE PERLEY: Will the minister explain the bill?

Mr. DUNNING: The Minister of National Revenue explained it when the resolution was introduced, and the explanation is on record.

Section agreed to.

On section 2—Certain provisions repealed.

Mr. CAHAN: That does not preclude an explanation at the present time.

Mr. ILSLEY: I gave a long explanation when the resolution was moved, and that explanation appears in Hansard. It is exhaustive and elaborate, but I could make it again.

Sir GEORGE PERLEY: Briefly.

Mr. ILSLEY: The bill is to revive the Business Profits War Tax Act, 1916, so far as taxes are concerned which are exigible for the period between 1915 and 1920, to which period the Business Profits War Tax Act applies. The necessity for the bill arises from the fact that the measure appears in a schedule of acts which are described as "spent," in the revised statutes of 1927. I think it is admitted that it was not intended to relieve any taxpayers from taxes which fell due during the period between 1915 and 1920. It is questionable whether the inclusion of this act in the list of "spent" acts does effect a repeal. There is a difference of legal opinion upon