

*Special War Revenue Act*

and if there is nothing particular to discuss on them we can speedily consent to their passing in the regular way. Then the bill can be considered.

Mr. BENNETT: The discussion must take place either on the bill or on the resolution, or on both. If it takes place on the resolution it usually lessens discussion on the bill.

Mr. MACKENZIE KING: That is right.

Mr. BENNETT: The point is that the bill is a completed bill. It has been printed, and it merely means that the discussion would take place on the document in its completed form as it is intended to be enacted. But I will proceed along the lines suggested by my right hon. friend if he so desires.

Mr. MACKENZIE KING: I think it would be preferable.

Mr. VENIOT: Before the Minister of Fisheries moves the resolution I have a few remarks to add. We have been dealing with the sales tax both on goods manufactured in Canada and on goods imported. I see on page 7 of what was submitted on the first of June there is an increase in the newspaper rates. Would that be effected by separate bill?

Mr. BENNETT: Yes, by the Post Office Department, as heretofore.

Mr. VENIOT: Perhaps I may be permitted to draw the attention of the right hon. Minister of Finance to a condition of affairs which has come to my attention. In 1927 the act was amended to reduce the rates on newspapers from 1½ cents to 1 cent a pound. That was done with the object of capturing that portion of the newspaper traffic then going by express. The revenue, instead of falling with the reduction to 1 cent per pound, increased by \$250,000, because we captured mail matter that had been sent by express within a radius of 75 to 100 miles. Now, since the rate has been brought back to 1½ cents per pound, some of the large newspapers of Canada are issuing circulars asking their subscribers if they will consent to have their newspapers delivered to certain centres, such as drug stores or other dealers in newspapers and periodicals. If the subscribers consent, the newspapers will not be sent through the mails; the publishers will revert to the system followed before 1927. If that is done, instead of an additional sum being received through the increase of one-half cent per pound the government and the country will lose something

[Mr. Mackenzie King.]

like \$250,000. I am drawing this state of affairs to the attention of the Minister of Finance because I believe it would be better to leave the rate at one cent per pound and get the additional \$250,000. Perhaps the minister might consider the matter and have it looked into.

Mr. BENNETT: It has been looked into and my advice is not quite in accordance with the statement of my hon. friend. The addition to the revenues did not come from that source at all; it came from magazines and papers brought into Canada by car and posted from a point in this country. As far as the Canadian newspapers were concerned, about which we are speaking, the change brought about an additional deficit from the general handling of our mails. I do not know how it was arrived at; I have not the details before me at the moment, but I do know we received larger sums from the handling of mails coming from outside of Canada and that the mails originating in Canada showed a decrease in revenue by reason of the rate being reduced from 1½ cents to 1 cent.

I am quite cognizant of what the hon. gentleman has said, that in some instances automobiles will be substituted for other forms of delivery and that newspapers will be left at certain points in cities, where they will be picked up by subscribers. However, that does not apply to outside points to any considerable extent. For instance, in western Canada I know that at the present moment in some cases deliveries are made by automobile because of train service. In a general way the train service determines the deliveries made by newspapers to a not inconsiderable extent. If the mail service synchronizes, to use a word sometimes heard in this house, with the publication of the newspaper, then the mails are used, but if for any reason it is desired that the newspaper should be delivered at an earlier hour than the hour made possible by the train service, then the delivery is made by other conveyances.

Mr. VENIOT: Notwithstanding what the right hon. gentleman has said, I have had some experience in the matter, and the postal revenue did increase from postage paid on extra newspapers carried after this reduction. I am not talking about newspapers or periodicals coming from outside Canada. After we lowered the rate we captured a good deal of the business that had been lost to us, and that volume of business added to the revenue of the Post Office Department the amount I have stated. I will give an instance. The Montreal Star circulated hundreds of thou-