

Mr. CAMPBELL: Where does the minister get authority for adding 5 per cent to the import price of an automobile? If I go to the United States to-day and buy a car for \$2,000, the regular selling price, I find I am assessed for duty purposes on a valuation of \$2,100. I am anxious to find out where the minister gets authority to do that. Twenty-one hundred dollars is not the price for home consumption.

Mr. ROBB: I am told by my officers that this is done under section 41, which establishes the fair market value:

Such market value shall be the fair market value of such goods in the usual and ordinary commercial acceptance of the term and as sold in the ordinary course of trade, provided that a discount for cash for duty purposes shall not exceed 2½ per cent, and shall not be allowed unless it has been actually allowed and deducted by the exporter on the invoice to the importer.

Mr. CAMPBELL: Mr. Chairman, that gives the minister no such authority. Two thousand dollars is the price at which that car can be purchased at any place in the United States; there is no question about that. Yet I find \$100 is added to that price.

Mr. KELLNER: According to the report of the commission which investigated the alleged fruit combine last year, those prices are not arrived at at all by means of the act, but by regulations passed by the department. I have before me a long list of these regulations which the department has passed. The fair market price would be arrived at by what is presumed to be the selling price in the United States, regardless of whether the goods were bought for cash or credit. No matter whether it is fruit or manufactured articles you are importing, the importer in Canada should be assessed on the wholesale price of the article, and if he is paying cash for it, it should be on the cash price. But according to these regulations he would be assessed on the credit selling price. I do not think there is any question but that if the department is allowed to make regulations fixing these prices, the act does not amount to anything, for the regulations are the governing factor, and not the act at all.

Mr. GOOD: I think the minister ought to give us some satisfaction in regard to this question. Let me put a case to him. Supposing I go to the United States and buy a second-hand car for \$100, and present a sworn certificate to the customs officials that that is all I paid for it. Would the officials have the right to say to me, "No, we cannot accept that price; we must charge you duty on a valuation of \$200"? Would that be possible under the regulations?

[Mr. Robb.]

Mr. ROBB: That is an imaginary case my hon. friend is bringing up—

Some hon. MEMBERS: No, no.

Mr. ROBB:—although it is in common practice to a considerable extent. We know there is a vast organization that steals automobiles, and brings them into Canada and offers them at a low price. These fellows are crooks to start with, and anything is a price to them. I would ask my hon. friend, are the customs officials not justified in watching that sort of commerce?

Mr. CAMPBELL: Is a man assumed to be a thief if he brings in a cheap motor car?

Mr. ROBB: Certainly not, but there are men in prison to-day who have been convicted of stealing automobiles and bringing them in here and selling them at a low price.

Mr. GOOD: The minister is evading the question. I say that if a man bought an automobile in good faith for \$100, and certified to the department that that is what he paid for it, would the officials have the power to charge him duty on a valuation of say \$200?

Mr. ROBB: I understand the procedure is this: They take the list price of the automobile and allow so much for depreciation each year—they know the year the car was made—and in that way they arrive at the value.

Mr. GOOD: An arbitrary valuation.

Mr. LEWIS: In that case the fifteen per cent maximum does not apply at all.

Mr. EVANS: In the case cited by the hon. member for Brant (Mr. Good), is not the trade discount taken into account according to the status of the importer? If the importer is a dealer, the whole amount of the trade discount is allowed, and duty is not charged on it, but if under the Canadian rules of the distributing combine, which is recognized in the Tariff Act of Canada, the importer happens to be a consumer, no trade discount is allowed. That trade discount sometimes amounts to fifty or sixty per cent. I think that would perhaps answer the question of the hon. member for Brant.

Mr. CAMPBELL: I am not at all satisfied as to this 35 per cent, and I think the minister ought to give us some better explanation, particularly with reference to automobiles. It simply means the importer has no protection at all. The consumer is paying 35 per cent duty, and if the minister thinks 35 per cent is not sufficient, let him increase the duty and make it 37 or 37½ per