

not believe the cost of producing denim in Canada is any greater than it is in the United States, in spite of the greater production in that country.

Mr. BENNETT: It is cheaper in the southern states.

Mr. HEAPS: I think wages in the southern states are no less than they are right here in Canada.

Mr. BAKER: Labour is much cheaper there.

Mr. HEAPS: Taking labour costs in the northern and southern states I would say that they are somewhat higher than those found in Canada.

Mr. BENNETT: But the figures do not show that.

Mr. HEAPS: I do not think much can be said about labour costs. If the manufacturer in Canada can import raw material duty free, I do not see why he must have a protection under the intermediate tariff. I would suggest to the minister, both from the general standpoint of reducing cost to the consumer, and giving the secondary manufacturer a fair opportunity, that the cost of denim be permitted to come down in exactly the same way as the cost of the finished article has done.

Mr. DUNNING: The argument is rather circular in form, because we here propose a reduction. We are now considering the British agreement, and the proposal is to reduce the duty on denim as a part of the item. Of course I know what the difficulty is. It is that the overall manufacturers, who a year ago were quite ready to accept the reduction in duty on their fabrics, did not with the same good grace accept the reduction in duty on the finished overalls. That is the truth of the matter. Last year we removed the specific duty on the fabrics under the British preference, and we reduced the specific duty on overalls from three and a half cents to one and a half cents per pound weight. Now we are reducing the rate again with respect to the British preference. It will be 18 per cent net in future, allowing for the discount. In the budget item I propose to remove the cent and a half per pound on the finished overalls.

Mr. BENNETT: That is in the ways and means resolution.

Mr. DUNNING: Yes, which is not presently before the committee. Our best judgment is that that is an equitable working of the reduction on fabrics and the finished commodity. I know that the overall manufacturer to whom

the hon. member (Mr. Heaps) refers wrote me in the matter. Like all manufacturers he wants his raw material free, and a tariff as high as possible on the finished product. That is a very human desire. Nearly every person who communicates with the Minister of Finance has that desire to a greater or lesser extent. In reply to the hon. member I can only say that a careful study of the matter leads me to the belief that the adjustments downward which have been made in connection with our raw material and the finished product are applied to meet the interests of all concerned.

Mr. BENNETT: What did we buy from England under the reduction of last year?

Mr. DUNNING: I have not the figures, but I could get them.

Mr. BENNETT: I was only interested in the effect of the reduction. The contention of the hon. member has been that we cannot get denim from England.

Mr. DUNNING: Denim is not separately classified, but is included with other coloured cotton fabrics.

Mr. HEAPS: What is the intermediate tariff on denims?

Mr. DUNNING: It is 27½ per cent, plus 3½ cents per pound.

Mr. HEAPS: Can the minister explain why there should be such a high tariff on denims coming into Canada?

Mr. DUNNING: The United States agreement effected a reduction a year ago.

Mr. ROSS (Moose Jaw): When the minister was first answering the hon. member in connection with the tariff against denim he said that it depended on certain things; I understood him to mean the amount of cotton or wool in the denim.

Mr. DUNNING: No; this denim is wholly of cotton.

Mr. BENNETT: It is overall material.

Mr. ROSS (Moose Jaw): I thought both cotton and wool were used.

Mr. DUNNING: No, just cotton.

Mr. MacNICOL: A moment ago the minister made the observation that the manufacturer wanted to have the duty as high as he could have it; what the manufacturer had in mind was trying to provide more jobs.

An hon. MEMBER: Oh yes?

Mr. HEAPS: I still maintain the minister should seriously consider the duty imposed on denims. I used a great deal of this material at one time, and I know how the price