

Supply—National Revenue

United States on raw cotton; it is part of the statute law of that country. Incidentally, although the effects here may sometimes be as have been suggested, we also have to realize that cotton is bought by our manufacturers and, by our producers, at cheaper than it otherwise would be because of the fact the subsidy is paid on the cotton which is grown in the United States.

Now what may be termed dumping, of course, is an exercise in semantics. There is dumping in the popular mind and I think there is a misapprehension in the country and in this house that when goods are sold at a price lower than we produce them here, or at a price which seems to us to be low, that is immediately said to be dumping. Whatever may be the moral justification for that, and I think there is one sometimes, there is no legal justification for it unless the technical terms of the statute and of the law are met.

The term is, of course, as most hon. members know, that we are governed by the current market price in the country of origin. Given a free market and normal trading conditions, if that price is lower than ours it is still the free market price. That is the value which we have to impose on the goods, and it is not dumping. I think there is perhaps some misapprehension in the mind of the hon. member for Laurier and others. We are always hearing about dumping as if everybody dumped into this country. If they are selling goods a little bit cheaper than we are selling them in the open market here, then, unfortunate as that may be to some producers, that is not dumping under the act. We can only impose a dumping duty when the goods are sold here at a lower price than the open market price in the country of origin.

The department has had a number of complaints about the matter of subsidization. It has been suggested to us by textile manufacturers that subsidization is going on. The hon. member for Hamilton South read what I took to be a letter from a producer in the United States indicating that certain moneys were being kept there for the importer. If the money comes into Canada it is then something with which we can deal very easily but if there is money paid and it does not come into Canada it is questionable what is our legal position. All I can say is that the department has investigated this matter time and time again, has dealt with it and is attempting to deal with it in every possible way consistent with the law, and we would welcome any information or any co-operation which would assist us to deal further with this difficult problem.

As has been pointed out by various members, there is no question that the textile

[Mr. Nowlan.]

industry is experiencing difficulty. I think it was the hon. member for Hamilton South who pointed out that employment in the industry had fallen from 22,500 to 16,000 in the last three years. I think these facts can undoubtedly be established and that there is a serious situation. We have attempted to deal with it in various ways.

The hon. member for Laurier asked what had been the effect of the legislation we passed two years ago, the new section 39 of the Customs Act. You will remember that when that section was brought in we were told we were reverting to the law of the jungle, that this was going to raise a wall as high as Haman's gallows, that this was a reversion to R. B. Bennett and to the Toryism of a century ago, and so on and so forth. Unfortunately or fortunately not one of these dire prophecies has materialized and I think when hon. members read some of the speeches they made on that occasion they may wonder at the vehemence of their speeches at that time.

Mr. Chevrier: We also remember the speeches of the Minister of Finance.

Mr. Nowlan: I do not recall all the statements of the Minister of Finance at this time.

Mr. Chevrier: I do.

Mr. Nowlan: The fact of the matter is that one of the reasons why that amendment was brought in was to deal with the question of goods being sold here at less than fair market price plus a mark-up of some kind and not in accordance with current market practice. We investigated sales which were made and we found at least as far as prime goods were concerned that as a result of that legislation or because we had been misinformed—I think it was a little bit of both but probably largely because of the indirect effect of the legislation—there was reason to be satisfied and we are satisfied today that goods now being brought into the country are complying with the provisions of section 39.

We believe that the indirect result of that section has been very great indeed. When we started our investigations we encountered great difficulties. Theretofore we had received co-operation but when our investigations started we were denied information and we had to threaten to use some of the provisions of the new section in order to get the co-operation which we had received in the past and which we have been receiving since. So far as section 39 is concerned, I cannot point to any specific thing which we have done under that provision except that we believe that the tone of the market