

merchandise for six months. The ocean is not as easy to cross as the border. You can go to the United States and order your goods and get them within 30 days, but you cannot expect to receive goods so quickly from France. Well, what happens? The customs regulation provides that in regard to goods upon which no actual value is placed at the time of shipment—and this is practically always the case for importations from France—there is a super-tax imposed of 20 per cent when three months elapse between the order and the shipment; 12½ per cent when two months elapse between the order and the shipment; and 5 per cent when the delay is reduced to 30 days. How does that work out? It means that the importer has to pay a double duty and the super-tax. When the goods reach Canada, he has to pay \$1 for the goods, plus 70 cents for duty, plus 40 cents super-tax, or a total of \$2.10.

Hon. Mr. CROSBY: Of duty?

Hon. Mr. BEAUBIEN: Now if the duty was imposed on the real value of the franc, which is 10 francs, 35 centimes to the dollar, and even with the application of the super-tax, which I think is unjust, the amount payable would be only \$1.55.

Now let us see how this compares with France's greatest competitor, the United States. You have one dollar to spend. You buy your goods in the United States and bring them in. What duty do you pay? Thirty-five cents, nothing more. Therefore you pay one dollar for your goods and 35 cents for duty. You get the goods mostly within 30 days; therefore the super-tax is only 5 cents, and the total cost to you is only \$1.40. Of course, you have to add to that an amount sufficient to make up the depreciation on our own money, 15 per cent, which brings the amount to about \$1.55 or \$1.60. Is it reasonable to expect that French goods can compete with American goods under such circumstances? Increase that one dollar to \$100,000 and in the case of France you will have to spend \$210,000, whereas if you bought similar goods in the United States, the cost would be \$160,000. It is altogether out of the question for France to compete under the present conditions.

Evidently you must say: "This difference in treatment in these two cases is so great that there must be a reason for it." That was my first thought. Very well, let us see whether there is a reason for it or not. Section 59 of the Act respecting Customs is very plain. My honourable friends can

Hon. Mr. BEAUBIEN.

easily refer to it, it is chapter 48 of the Revised Statutes, section 59; it provides, in part, that unless there is a value fixed on foreign currency by Order in Council it shall be the duty of those importing goods from a country in which the currency is depreciated to obtain from any Consul residing in such country a certificate of the value of that depreciated currency at the date at which the goods are shipped. In such case the duty is imposed on the value of the currency so established. Why is that section not applied? Simply because there is an Order in Council which states that the franc is worth 5 francs, 15 centimes to the dollar.

You will further say: "Surely there is a reason why the value of the franc is so fixed and cannot be altered. It is only too apparent that it is to the detriment of France, and it is of no benefit to us, because the goods which otherwise come from France, come from other countries; therefore we gain nothing at all; we get the same amount of duty; other countries profit and France loses the trade."

Well, gentlemen, I find that this Order in Council is dated on the 1st February, 1918. The franc there is quoted at 19.30 cents, which is 5.15 francs to the dollar. This Order in Council was amended on the 5th of November, 1919, in respect to the currencies of Guatemala, Honduras, San Salvador, China, Paraguay, and Persia. In addition it does not establish the value of the American dollar. Why could it not be amended to eliminate from it the fixed value of the franc. Is there any practical or technical difficulty in the way? Honourable gentlemen, in the Republic to the south of us, with a very much larger and more complicated business than our own, whenever French goods are imported the American Consul certifies on the date of shipment of the goods the value of the French currency, and it is on the value so certified that the duty is paid.

Some time in 1919, I think it was on the 6th October last, as shown in Hansard, page 842, Hon. Mr. Maclean gave two reasons why our duty should be applied as it presently is. These reasons at first sight seemed plausible. The first one was that it was very difficult to modify the existing system. I think I have disposed of that objection by reference to the practice followed in the United States. But the other one was very much more serious in its consequences. He said: "If you favour France because the currency has depreciated, you are going to favour Germany very much