

When the minister says that it meant a payment of forty-five per cent I cannot quite follow him, because the maximum to be paid was only thirty-five per cent; it did not matter what happened.

Mr. DUNNING: Not less than that.

Mr. BENNETT: Yes, not less than that; it is the maximum.

Mr. DUNNING: There was a higher duty previously.

Mr. BENNETT: Yes, I am trying to point that out. If computing a duty at fifteen cents per pound you did not get the thirty-five per cent, you imposed the thirty-five per cent rate. That is, if fifteen cents per pound was not the equivalent of the thirty-five per cent rate, you imposed that rate in the alternative.

Mr. DUNNING: But if it was more—

Mr. BENNETT: If it was more there was no rebate, that is all.

Mr. DUNNING: Yes, that is right.

Mr. BENNETT: So that so far as the 35 per cent is concerned you cannot tax it higher than that rate, and you must not tax it lower.

Mr. DUNNING: No less than the rate.

Mr. BENNETT: You must not tax it less.

Mr. DUNNING: Yes, but you may tax it more.

Mr. BENNETT: Unless 15 cents per pound amounted to more.

Mr. DUNNING: That was the condition.

Mr. BENNETT: That was not the condition in regard to some items however, because the value of goods was about \$800,000, 35 per cent of which would be between \$280,000 and \$300,000.

Mr. DUNNING: They paid \$373,000.

Mr. BENNETT: Yes, they paid \$373,000; therefore there must have been a substantial body of goods which came in on which 15 cents per pound amounted to more than 35 per cent.

Mr. DUNNING: That is correct.

Mr. BENNETT: Which is not in the alternative, at all. It is a flat rate of 15 cents per pound which must be paid on all goods, if it is equivalent to 35 per cent of the value. But where it is less than 35 per cent of the value the addition has to be made up so that it will be 35 per cent. For instance, if we take an article worth only 10 cents per pound and compute 15 cents, the rate will be much more than 35 per cent. But if you take another article worth \$10 per pound and add 15 cents

to it you have to impose the 35 per cent rate. That is all there is to it.

Mr. DUNNING: That is the real difficulty, as I might point out to my right hon. friend.

Mr. BENNETT: It is only a question of administration.

Mr. DUNNING: If my right hon. friend will permit me—

Mr. BENNETT: It is only a question of administration. Under our arrangements with the United States what would happen would be that they would get their goods in for 12½ cents a pound under the intermediate tariff, as it stood, or until we make this amendment, but at not less than 35 per cent in any case.

Mr. DUNNING: Not under the intermediate.

Mr. BENNETT: Under the intermediate as it was prior to the first of January or whatever date it was. We now say that instead of getting their goods in at 12½ cents a pound there shall in no case be paid less than 27½ per cent ad valorem, as against the general tariff. That is the effect of it. There is a reduction of 7½ per cent as between the intermediate and the general. It still leaves us in the position of not receiving any revenue whatever from the largest body of advertising that comes into this country. I am not going over the ground again; I did it yesterday and two days ago, but we have now given up that enormous body of advertising as a source of revenue which last year yielded us half a million dollars.

Mr. DUNNING: I desire only to explain the reason for the item. I thought I had developed it, but apparently I did not do so completely. When we extended to the United States the intermediate tariff this was one of the items in connection with which a great change from the administrative point of view immediately took place. Under the general tariff there had been provided under the former government a rate of 15 cents per pound, with a rate of 35 per cent ad valorem. When that change was made no change was made in the intermediate column; the intermediate remained at 12½ cents per pound. Now this tariff per pound is applying on printed matter of all values, and just imagine the difference between the value of a draft of a simple advertisement, on the one hand, and a highly developed piece of art work for advertising purposes, on the other. Yet under the intermediate tariff both were taxed at so much per pound, regardless of the fact that the value of one might be and often was fifty to a hundred times the value of the other.