

Mr. STEVENS: Well, they pay this duty of 53 cents a ton. The mills whose product enters into the manufacture of these implements are called upon to compete with United States mills which do not pay the taxes to which I refer, neither have they any sales tax to pay, and of course they are not subject to duty in the sense that our people are because they are the mass producers and the controllers of the world's market in respect to steel products, and also in respect to coal so far as eastern Canada is concerned. Now, as a matter of fact, when you analyse this resolution it constitutes, not merely free trade but an actual premium to American manufacturers of these raw materials which enter into the manufacture of our implements. The only article which the producer of the raw material has any advantage on is fire-brick; he gets a reduction which really amounts to very little. I presume it is hopeless to make any suggestions in this line; the budget has been debated and the government has a substantial majority. But, now that we are away from the generalities of the budget debate it might be well to consider the effects of the item which is under consideration. Now, I do not wish to be misunderstood; I am not advocating a lowering of duties, but I am tempted to ask the Acting Minister of Finance this question: When the government reduced the duty on farm implements why did they not apply the same principle to rods, bars, bolts, nuts, screws, iron products and all the other articles that enter into the manufacture of farm implements? Why not apply the same principle to them? Why not extend to them a compensating reduction? Let me make myself clear; I am not arguing for it; I am absolutely opposed to it. But when you adopt that principle in connection with farm implements, why penalize the Canadian manufacturer of the raw material? The minister was about to answer me a moment ago; perhaps he would be good enough now to give his views on that point.

Mr. ROBB: I was going to ask my hon. friend if he would assure me of his support if I undertook to do that.

Mr. STEVENS: Absolutely no, and I will say why: I believe in a fiscal policy for Canada that will enable us to develop the natural resources in iron, coal, copper and other mineral products, their manufacture in Canada and the perfecting of them to the highest degree possible from a manufacturing standpoint, and I believe that cannot be done under any free trade policy. But the minister does not give me any reason why he follows this half-and-half policy of giving a reduction to the

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manufacturer of farm implements, of which that manufacturer hands to the producer merely the sales tax.

Mr. KELLNER: Would my hon. friend repeat the figures he quoted in respect to the price of binders and the reduction by reason of the sales tax?

Mr. STEVENS: I will give my hon. friend the figures; they are really interesting. These three sets of figures alone will warrant one in pausing to consider whether any benefit is to result from the present proposals. In February, 1923, the list price of a binder was \$243. In November, 1923, the manufacturer raised the price to \$264. That is the point I want hon. members to become seized of. Then on April 11, after the budget was brought down, they issued a new list reducing the price to \$251. The reduction of the sales price from the previous list of \$264 should amount to \$14.20, whereas the actual reduction is only \$13. Taking a further calculation of duty—and I am not certain of the figure I am about to give, though I am quite satisfied it is correct—the American price for this article was \$226. Add to that the sales tax and the duty, and you get approximately the Canadian price. If you calculate the reduction of the tariff plus the sales tax you are left in the position where you are actually \$11 worse off than you were prior to the bringing down of this budget; that is, you are getting \$11 less than you are supposed to get. But even leaving all that calculation aside—this is the point I want to make clear—it must be remembered that the sales tax has nothing whatever to do with the protective principle or the protective policy of this country. The sales tax is a specific and special tax and is so designated in the statute. Parliament can remove the sales tax off anything. For instance, in our list of exemptions we have a very long list of foodstuffs, canned goods, and so on, and now farm implements; so that the reduction or removal of the sales tax is simply a voluntary act of parliament which nobody criticises or questions. But while the duties have been reduced on farm implements the farmer is not getting one cent of the value of the so-called reduction. On the other hand, the manufacturer of the raw material entering into these implements is faced not with fair free trade competition with his competitor south of the line, but with the granting of an actual premium to that competitor because of the added taxes on this side compared to those prevailing in the United States.