

tion makes it clear that the special duty shall not exceed fifty per cent ad valorem in any case, and "the following goods" shall be exempt from such special duty. The question I asked in order to lay the foundation for my observations was which minister was meant, and I was glad to receive the answer I did. Therefore, under the regulations the minister exercises this most unwholesome and un-British arbitrary power which has caused such pathetic concern to the people of this country as expressed by the minister himself in times past. I think I see now his high intellectual brow being wrinkled as he waved his arms in days gone by in denunciation of such arbitrary powers being exercised by the minister.

Mr. STIRLING: As you read the wording of the amendment, Mr. Chairman, I was not in a position to follow it in the office consolidation copy. Would the minister indicate any changes made in the first long paragraph before you get to the proviso. I think there were some changes made in the sixth and seventh lines.

Mr. ILSLEY: There is only one change in the first paragraph, and that is that the reference to section 37 of the Customs Act is omitted because section 37 has been repealed.

Mr. STEWART: Would the minister be good enough to explain to the committee the effect of any changes that have been embodied in this section as compared with the old section? In what respect does this change the law as it existed before the section was repealed?

Mr. ILSLEY: One important addition to this clause is the first proviso:

Provided that when it is established that any articles though of a class or kind made or produced in Canada are not offered for sale to the ordinary agencies of wholesale or retail distribution or are not offered to all purchasers on equal terms under like conditions, having regard to the custom and usage of trade, such articles may be exempted from special or dumping duty.

That is the part which refers to the offering for sale of goods offered on equal terms under like conditions, having regard to the customs and usage of trade. It was part of section 6 of the customs tariff for a long time, for twenty or thirty years, I believe, and then it was stricken out. That is being restored, and the other part has been added, namely, that part which relates to the sale through ordinary agencies of wholesale or retail distribution. The class of cases that it is intended to cover is this: There is, I think, an admitted tendency towards large scale production and

distribution in the Dominion of Canada. The price spreads commission which sat two years ago and a year ago discovered that that was the case. There are what some people call monopolies and what others call quasi-monopolies doing quite a large part of the business of Canada, and some cases where combines or monopolies control particular articles or a particular class of goods manufactured and offered for sale; there is no real competition there at all. There are instances of that which I have in mind.

Mr. BENNETT: Can the minister without violating any secrecy give us an illustration, using fictitious names, just to make this clear?

Mr. ILSLEY: It is questionable whether I should, but I think I will.

Mr. BENNETT: I do not want the names, just the facts.

Mr. ILSLEY: But the moment you mention the commodity the name suggests itself to anybody. There is in use in nearly every household in the country, particularly in the poorer households, an article which is manufactured in Canada by one company alone. That company has in Canada a complete monopoly of the manufacture and sale of that article. It does not offer that article to any wholesale or retail agencies of distribution at all, but sells it directly to the public.

Mr. BENNETT: Directly to the retail trade?

Mr. ILSLEY: No; it sets up its own retail agencies. There is only one seller of that article in Canada. That article can be imported, and under conditions which technically at least, perhaps, call for the imposition of a dumping duty. It is considered that under circumstances of that kind there should be discretion in the minister to enable him to exempt the article from dumping duty if advantage is being taken of monopolistic conditions. That is what we have in mind there.

Mr. STIRLING: Is it an article produced in Canada?

Mr. ILSLEY: Yes, it is produced in Canada. If it were not of a class or kind produced in Canada the dumping clause would not apply. It is just a matter of opinion as to whether some freedom of importation should be permitted in cases of that kind, but apparently it was considered for many years. I assume that it must have been considered by Mr. Fielding when he introduced this legislation, although I have not read his speeches on the subject. Where there are not conditions of