

Customs Tariff

Customs tariff—178. Advertising and printed matter, viz.:—Advertising pamphlets, advertising show cards, illustrated advertising periodicals; price books, catalogues and price lists; advertising almanacs and calendars; patent medicine or other advertising circulars, fly sheets or pamphlets; advertising chromos, chromotypes, oleographs or like work produced by any process other than hand painting or drawing, and having any advertisement or advertising matter printed, lithographed or stamped thereon, or attached thereto, including advertising bills, folders and posters, or other similar artistic work, lithographed, printed or stamped on paper or cardboard for business or advertisement purposes, n.o.p., per pound: British preferential tariff, 5 cents; intermediate tariff, 12½ cents; general tariff, 15 cents.

Provided, that on importations under the intermediate or the general tariff, the rate of duty shall be not less than: intermediate tariff, 27½ per cent; general tariff, 35 per cent.

Mr. MacNICOL: Would the 27½ per cent intermediate rate be on the pound price of the advertising matter, or the cost of the art or other work which enters into the production of the material mentioned in the item?

Mr. DUNNING: I am reading the small print in the item in an effort to answer the hon. member's question. In the item I find these words:

... produced by any process other than hand painting or drawing, and having any advertisement or advertising matter printed, lithographed or stamped thereon, or attached thereto.

There is no change in the wording in that regard. The change is in the rates, with a provision of a minimum ad valorem duty of 27½ per cent under the intermediate tariff. Prior to September, 1930, the rates were 10 cents, 15 cents and 15 cents per pound. Under the budget of September, 1930, there was added to the item a proviso that the minimum duty under the general tariff should not be less than 35 per cent ad valorem. Following the imperial conference of 1932 the British preferential rate was reduced to 5 cents per pound. The result of the extension of the intermediate rate to the United States on January 1 of this year was that imports of printed matter, n.o.p., from that country dutiable under this item paid a specific duty of 12½ cents per pound, but were not subject alternatively to any minimum ad valorem imposed.

An analysis of the imports from the United States under the item shows that, in the fiscal year 1935, had these imports been dutiable at the rate of fifteen cents per pound without any ad valorem, they would have paid \$315,700 in duty. Actually however they paid duties of \$373,800, on a declared value of \$826,000. Thus the ad valorem incidence of the double rate on imports from the United States under the general tariff in 1935 was

[Mr. Dunning.]

something over forty-five per cent. If we assumed that the same volume and value of imports enter at the existing intermediate specific duty of 12½ cents per pound, they would pay a duty to total \$263,000, or 31·8 per cent ad valorem. In other words the ad valorem equivalent of the intermediate duty of 12½ cents per pound would be, on the volume and value of last year's imports from the United States, somewhat less than thirty-two per cent. However, the fact must be remembered that a specific duty on a poundage basis has a varying and unequal effect when spread over a wide field of printed matter, such as is covered by this item. It might represent a relatively high rate ad valorem on certain printed matter, and a ridiculously low rate on other matter. Having regard to the unequal incidence of a specific duty on the very great volume of goods covered by this item, and also the wide disparity existing between the intermediate and general tariffs, we desire to impose under the intermediate tariff a safeguarding minimum ad valorem of 27½ per cent, which I feel is not disproportionate to the minimum ad valorem of thirty-five per cent formerly effective under the general tariff on imports from the United States.

I should point out of course that the duty now proposed is not in any sense a double or compound duty, but is alternative in that the specific duty applies, except in those cases where it would have an ad valorem incidence of lower than 27½ per cent, in which event the minimum ad valorem becomes effective.

Mr. BENNETT: I have two observations to make. One is that this is an effort to secure some revenue from advertising which comes into this country from other countries. Having abandoned half a million dollars in revenue from advertising, we are now endeavouring to secure something by increasing the intermediate tariff on advertising such as is mentioned in the item. It will be observed that we are still continuing to secure something from illustrated advertising periodicals. The late government provided that, commencing at a twenty per cent advertising content, an increasing quantity of money should come into the exchequer from that source. That having been abandoned, the item we now have is to substitute in favour of those countries enjoying the intermediate tariff, which would mean the United States and other countries, a 27½ per cent rate instead of a thirty-five per cent rate which was paid on advertising from the United States at a time prior to the trade agreement. Because at that time advertising from the United States came in under the general tariff.