

Customs Tariff

would undoubtedly be brought to bear upon the American government to discontinue the privilege extended to tourists returning to their country. The matter has already been discussed in the United States, and in all probability this concession might save the people of Canada a valuable asset in American tourist purchases in this country.

A few moments ago reference was made to radios. I believe the majority of radios installed in automobiles and purchased in Canada are produced by foreign companies, many of which are American. To my mind the whole tariff situation in this dominion is one which cannot command support of intelligent Canadians. Actually we are protecting American owned factories in Canada from American owned factories in the United States, and American owners of Canadian factories benefit to the extent of the increased prices equal to the duty charged by Canada. To my mind the regulation represents a step in the right direction; it is welcomed by a great number of people, and I should like parliament to go even one step further and allow the privilege of importing \$100 of personal goods to people who can cross the border for only twenty-four hours, or who cannot own an automobile or purchase a ticket to go abroad.

Mr. STIRLING: I wonder if the minister can tell us whether he has made any computation as to the loss in revenue that Canada will suffer?

Mr. DUNNING: We do not know; we have no means of arriving at what the results will be. That is the reason why in a reply I made a few moments ago I indicated that the Department of National Revenue was making special preparations to check the operation of this provision, so that we shall have information in future.

Mr. WALSH: Several municipalities have what are known as sales or turn-over taxes. Of course some people do not think this particular clause is of great significance, but to a large city like Montreal, when we have a condition where tourists going to the United States in considerable numbers are permitted once every four months to bring back \$100 worth of goods, a considerable amount of purchasing power is directed into another channel. The result is that not only do the merchants suffer, but the sales tax collected in the city of Montreal, upon which we depend to help pay our way, is being lost. Is the government making any effort to reimburse such cities for the losses they are suffering or to collect a tax from individuals on the amounts purchased to remit to the municipalities or provinces,

[Mr. Coldwell.]

as the case may be? This matter is of great importance to the larger centres. Has the government anything to say in connection with that phase of the \$100 regulation?

Mr. BENNETT: Before the minister answers may I ask this question: Does the \$100 pay any sales tax, and does it pay the three per cent excise tax?

Mr. DUNNING: No, neither of them.

With regard to the question raised by my hon. friend from Mount Royal (Mr. Walsh), there is no provision, as I think he knows, for any remission to the municipalities, but when he speaks of any business lost by his city I may say, without having statistics on which I can rely, that I am fairly certain that no city benefits more from the exemption which applies to American tourists returning to their own country than does Montreal. I know from correspondence with merchants in that city that they were very anxious that nothing should be left undone by the Canadian government to preserve for them what they regard as a valuable privilege. They were afraid some months ago, when rumours were circulated about what was going to happen to the privilege accorded to American tourists returning to their own country, and from no city in Canada have I received more representations than from Montreal that the government of Canada should go as far as possible to prevent this privilege to United States citizens being withdrawn, because of the great value it was to the merchants of that city.

Mr. WALSH: I quite appreciate that fact, and I do not want to minimize the amount of revenue obtained by the merchants of Montreal from the tourist trade. It is an important and considerable item, and I quite appreciate that fact. But when the previous government was in office prior to October, 1935, I hardly think that this question of the \$100 exemption was raised by the United States. I think it has been raised as a result of the trade agreement. I want to point out to the Minister of Finance through the Chairman, one important fact.

Mr. DUNNING: Before my hon. friend leaves that point, I would say that certainly the \$100 exemption was under discussion between the governments of the two countries before we came into office.

Mr. WALSH: But as a result of the negotiations for the trade agreement.

Mr. DUNNING: Yes, of course.