

into Canada the price which was taken in order to assess the duty was the price of the tea laid down in Great Britain, plus the British duty on it?

Mr. ROBB: That is right.

Mr. McMASTER: For instance, if \$100 worth of tea came into Great Britain, and \$40 duty was placed upon it, when that tea arrived here we would place our duty upon \$140.

Sir HENRY DRAYTON: Certainly.

Mr. McMASTER: That being the case, is there any possible objection to this legislation? It says: When we value tea for duty purposes we are going to value it merely on its import value and not on its fictitious market value, which has been arrived at by placing on top of the invoice price the British duty. It seems to me it is very wholesome legislation. Now, endeavouring to look at the dark side of things, the leader of the opposition (Mr. Meighen) and the ex-Minister of Finance (Sir Henry Drayton) say: Oh, the people of Canada are not going to get the benefit of this reduction, it is going to be all absorbed by the men who draw supplies of tea from Britain into Canada; they are the people who are going to get the benefit, and not the Canadian tea-consuming public. I think I am right in describing that as their attitude. The hon. member for West York (Sir Henry Drayton) nods his head in approval. Now, are they right in that? According to the figures, last year, \$147,000 was collected on tea which came from Great Britain.

Sir HENRY DRAYTON: No, \$497,000.

Mr. McMASTER: There was collected \$475,000 on tea which came to Canada via Great Britain, and which therefore bore for duty purposes in Canada the additional British duty; and there came directly tea on which the duty amounted to \$1,027,000. Therefore, roughly speaking, we got 40 per cent of our tea via Great Britain and about 60 per cent direct.

Mr. MEIGHEN: You are away out; it would be more like 30 and 70 per cent.

Mr. McMASTER: Let us say 30 and 70—I do not think it affects the argument which I propose placing before the committee. If 30 per cent of the tea supply of Canada by this change can be cheapened, it is quite possible, and quite probable, that that tea will be reduced in price, and that the other tea which comes direct must follow its price downward, and the possibility is that we will get all our tea somewhat cheaper. What may

happen is that the price of tea will be between the lowest and the highest price. I trust I have made myself clear to the committee, that this reduction may operate to reduce the price not only of tea which arrives via Great Britain, but of tea which arrives direct. Therefore it seems to me there can be very little objection to this legislation, except possibly on the ground of loss of revenue. That loss of revenue may not occur. I take it that tea and coffee are what we might term competitors in the temperance market, so to speak; the temperance people drink tea or they drink coffee.

Mr. JACOBS: My hon. friend drinks ginger ale.

Mr. McMASTER: But ginger ale does not come in competition with tea and coffee. The point I make is that if tea is reduced even slightly in price, that slight reduction may increase the consumption to a very substantial extent, and thus the amount of tea duties collected at the lower rate may be as great or greater than before. These considerations, I think, will include most people in this House to regard this as wholesome legislation.

Mr. MEIGHEN: Starting at the hon. gentleman's last point first, he says that tea and coffee are competitors in the temperance market, and that the reduction in the price of tea will cause more tea to be drunk.

Mr. McMASTER: And the same loss on coffee.

Mr. MEIGHEN: So, obviously, he loses as much on the one hand as he gains on the other. I will not pursue that further. Coming to his first point, that this will mean a reduction in price of English tea blends, and consequently force a reduction in the price of other teas, this is entirely correct provided the purpose of the British exporter to Canada is to get tea as low as he can to the Canadian people. But if his purpose is to make all the money he can out of the business, the price of our tea will remain precisely what it is now. I would not want to say that there will be absolutely no change, but the change will be so slight in the one direction, and will be absorbed so fully in the other, that the beneficiary of this legislation is not hard to discern.

Mr. STEVENS: The interjection of the Minister of Customs (Mr. Bureau) a moment ago rather disturbed my mind as to the question I had asked the Acting Minister of Finance (Mr. Robb) when the Minister of Customs was not in his seat.