

United States as the case may be does become of vital importance. For instance suppose the year 1934 were taken, then that year becomes the fixed term for the purposes of the agreement. And if it comes to say, commodity A, and the United States have determined that we shall not export to that country more than a given percentage of that commodity, and they fix it at eighty per cent, then it will be eighty per cent of what their imports from Canada were during the year 1934. But in the case of commodity B there would be no change to another year; nor could it be changed to another year for commodity C, because there is a base year established. Usually in quantitative restrictions, which are largely used on the continent, they take a term that is an average of a period of three or five years, or take a year absolutely; they say that the year 1926 or 1929, for instance, shall be the determining year, the base year.

Mr. DUNNING: With respect to all commodities?

Mr. BENNETT: Yes, with respect to all commodities. That was one of the difficulties that we had in connection with the French agreement. France said, we will take a certain year—I forget what year; my memory is it was 1928, but whatever year it was, that year applied to Sweden, Australia, Canada, the United States and all other countries, and each country was allocated a percentage of the total imports of goods during that year, having regard to the relation that the total imports bore to the imports from a particular country. That is, if Canada supplied twenty per cent of the imports of the given commodity to France during that year, and it was concluded that the allocation should be eighty per cent, we would have but sixteen per cent of that year's importations. I point out that you cannot have varying years for different commodities, because that might work an unfair advantage or disadvantage to another country as against our own. The reason the question of arriving at a base year becomes of such tremendous importance lies in the possibility of difficulties arising on account of an endeavour to get a most favourable year for your country, while the other party to the agreement is endeavouring to get a year which will not involve as large importations as otherwise would follow. I can see that probably nothing more can be done about it than to leave it in the terms in which it now stands, because the agreement has been made. I certainly think, however, that it is an invitation to difficulty, if quantitative restrictions are resorted to.

Thus far in Canada, if my memory serves me correctly, the Liberal party has been vigorously opposed to the making of quota arrangements, and it may not be necessary to rely upon quota arrangements. But if quotas are made this will become a subject of difficulty, and to anticipate it and possibly provide against it is preferable to waiting for the arrival of a difficulty which would be very real, I might say, in connection with matters in regard to which quotas have been suggested. That is the reason why in other parts of the agreement I take it that this government, as well as the negotiators on behalf of the American people, were so careful to provide not a quota which would fluctuate, but in the case of seed potatoes a quota of 750,000 bushels and in the case of cream 1,500,000 gallons. The same applies to the arrangement for some odd thousand head of cattle, which quota of course was arrived at by computation on the part of the parties who arrived at the figures. But they did not leave it to conjecture or doubt as to how this was to be done when the time arrived. The computation with respect to cattle is well known.

Mr. DUNNING: In that instance the method is indicated in the item.

Mr. BENNETT: It is indicated; in the cream quota it is not so indicated, and with respect to seed potatoes it is not so indicated. But those who were responsible saw to it that definite figures were used because they realized, as I now point out to the committee, that when you get into the realm of quantitative restrictions, which means the allocation of quotas to affect importing countries—and I could conceive of a dozen items I could mention which would be affected—grievous difficulties would be caused, having regard to the year which is selected as the base year upon which to make computations.

Mr. DUNNING: My right hon. friend has himself indicated the reasons why it was quite impossible to state this matter more definitely than is stated in the agreement. The finding of a base year which would be fairly applicable to all commodities was a great difficulty. If I may mention the difficulty in connection with choosing a base year for cattle, for instance, may I say that we could not take 1932, 1933 or 1934 as base years with respect to this clause of the agreement, because no cattle were exported from Canada to the United States during those years.

Mr. BENNETT: They are covered by special items.

Mr. DUNNING: Yes, it is true that they are covered by special items. However I use that as an illustration of what may easily