

The Address—Mr. Manion

trade with the United States, whereas last year there was a balance of \$82,000,000 against us. Trade as a whole had increased, but we had a balance of \$82,000,000 against us. It will take more than half the gold produced in this country to meet that balance against us. Does anyone suggest that it is good for us to sell to that huge country less than they buy from us? The Minister of Agriculture (Mr. Gardiner), who was in the west at the same time as I was, pointed out, in the course of a speech in criticism of myself, that exports and imports of Canada had increased since 1935. That is true in general, because world trade had been increasing from 1933 on. But if the 1935 treaty was so good, why is it that our adverse balance has been getting larger and larger?

It is the same old story. Every time this government deals with the United States it gets the worst of the deal. Usually my hon. friends opposite give two for one; and it will be found, when this trade agreement can be properly evaluated over a period of time, that we shall have suffered in the same way as we have always done whenever the government led by the right hon. gentleman has dealt with the United States.

Let me give another interesting figure. In the last twelve months ending in November, 1938, we bought from the United States \$40 worth per capita—it may be a little more or a little less, \$39 or \$41. How much did they buy from us? They bought \$3.50 worth per head of population.

Mr. EULER: That is not a fair comparison.

Mr. MANION: Why not? What is wrong with it? I do not see anything unfair about it. I can see no reason why one Canadian should buy eleven times as much as an American buys from Canada. But that is precisely what happens when my hon. friends opposite deal with the United States.

An hon. MEMBER: One rabbit, one horse.

Mr. MANION: We get the rabbit and they get the horse. We buy eleven times more per capita from the United States people than they buy from us. I cannot see anything unfair in the comparison. I submit that it is perfectly fair.

Take the three per cent excise tax. As I have said, last year it brought in \$18,000,000 or \$19,000,000. Those who have read the treaty carefully will remember that this three per cent excise tax was taken off only the items in the schedule. That is correct; the Minister of Finance (Mr. Dunning) nods. As a result it created a most ridiculous situation. For example, a friend of mine who looked into the matter points out that the tax was taken off mushrooms and cut flowers but was left on

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all sorts of necessities of life. According to the press it was also pointed out emphatically to the Minister of Finance, by letter and telegram, that this would be most unfair to Canadian manufacturers, owing to the fact that because the removal of the three per cent tax applied only to items in the schedule, Canadian manufacturers were still faced with the tax on their raw materials, whereas finished products entering into competition with their goods in other countries enjoyed the removal of the tax. It was a most unfair position for the manufacturers to be placed in and they protested most strenuously to the Minister of Finance. Let me read a statement from one of the morning papers. The following appeared on November 23, a few days after the treaty was concluded:

Communications have been pouring into the finance department from manufacturers protesting the tax on raw materials when the finished product is relieved of taxation.

A perfectly just protest, I think, and the Minister of Finance no doubt agreed, because he issued this statement:

The government has had under consideration the situation that will arise with the removal of the 3 per cent special excise tax from the articles enumerated in section 1 of the new trade agreement with the United States. The government will make certain when the necessary legislation is introduced that it will be of such a character as to eliminate any unfairness that might otherwise be expected to result from the exemption from the tax of the particular articles enumerated in the agreement.

All right. Since the treaty is signed and has been in effect since the first of the month I agree that the Minister of Finance is quite right in making that correction. I do not quarrel with that at all; but I say that by making that correction this government is handing to the United States another concession of great import, and incidentally handing another concession to all the twenty-five or thirty other most favoured nations with which we deal. But did this government when dealing with the British and United States governments tell them that in addition to the concessions mentioned in the agreement they were going to add the concessions to these other countries? They did not tell the people of Canada until some days later, when the matter was drawn to their attention. Did they know they had to make these concessions? I do not think so.

Mr. DUNNING: I know my hon. friend does not want to proceed on a wrong premise. The treaty itself does not as of January 1 remove the three per cent special excise tax from anything. The treaty merely says that the government of Canada will propose to the Canadian parliament legisla-