

Hon. Mr. ROBERTSON: But that is not in your trade agreement?

Mr. MCKINNON: No, sir, we kept it out of the agreement, because it is entirely up to Parliament to decide how it wishes to deal with used cars. It may in its wisdom, put on a rate of duty which is prohibitive; or it may, in its wisdom, put on such lower rate of duty as it deems sufficient for the purpose. But the point is that, under the new agreement, we may no longer prohibit the cars in those words: we have to deal with them by tariff action.

Hon. Mr. McKEEN: I understand that there is a provision there that if a country is in financial difficulties they may then prohibit products coming in from all countries, to save their financial structure. Is there not a provision for that?

Mr. MCKINNON: That takes us back to the balance of payments situation, under which a country may do many things. If you wish to follow that up, we had better ask Mr. Deutsch.

Hon. Mr. McKEEN: That is actually what is being done, in connection with this prohibition—

Hon. Mr. ROBERTSON: There is no prohibition on used cars and trucks.

Hon. Mr. McKEEN: Oh, I am sorry. I thought it was cars.

Hon. Mr. DAVIES: Under the Geneva agreement could the Government of Canada put a prohibitive tariff on something on which you made an agreement?

Mr. MCKINNON: Yes, sir.

Mr. KEMP: We did not make an agreement covering duty on used cars.

Mr. MCKINNON: I was going to come to that. We made an agreement, but we did not include in the schedule that particular item.

Hon. Mr. DAVIES: I am talking about general items. Could the Government of Canada put a prohibitive tariff on any item on which you have come to a specific arrangement with the Government of the United States?

Mr. MCKINNON: Let me put it in another way. The Government of Canada could not impose a prohibition on any items included in the schedules to the agreement, because the rates are bound against increase. But certain countries reserved certain items: they said they were not prepared to bind them. We did that in the case of used cars; we said, "There is no item in the tariff at present; and we will not insert any item committing our country to a certain rate, because our Parliament will have to decide what it wishes to do about used cars".

The ACTING CHAIRMAN: Does that answer your question, Senator Davies?

Hon. Mr. DAVIES: In a roundabout way.

Hon. Mr. ROBERTSON: I think what Senator Davies means is this: he is not particularly referring to this prohibition of used cars and trucks, which is something that has been in effect for ten or twelve years?

Hon. Mr. DAVIES: I am referring to agricultural products.

Hon. Mr. ROBERTSON: He is referring to the general structure of the action taken by the government under the so-called austerity plan.

Hon. Mr. DAVIES: No. If we make a Geneva agreement in connection with some product of the United States, could this government, say, if we were importing it from the United States, or could the United States government, say, if it were importing that item from Canada, put a prohibitive tariff against it?

Mr. MCKINNON: No, not if the item is included in the schedules, because the rate attached to it is the maximum that may be applied. But as I said, certain countries refused to include certain items; and one of the items we refused to include was used cars, because we felt that Parliament would have to deal with them.

Hon. Mr. DAVIES: Let us discuss oleomargarine. Could the Government of Canada put a prohibitive tariff against oleomargarine if a bill was passed to import it?