

dealing with that question. I think it was the hon. member for Winnipeg North Centre (Mr. Woodsworth) who pointed to the fact that the Canadian dollar was below par in New York and that considerable shipments of gold had been made, apparently to balance the exchange. I do not think the assertion will be questioned that the drop in the value of the Canadian dollar is caused in this case by the unfavourable balance of trade. The present tariff bill before the House of Representatives at Washington will make it increasingly difficult to market our farm products in the United States and will increase and intensify that condition, and if nothing is done to correct it there is very little doubt that it will end by our selling less to the United States while the probable effect of this regulation will be that we will buy more from that country. Under those circumstances, we might look for a further drop in the value of the Canadian dollar, necessitating the shipment of further amounts of gold to the United States.

Some days ago I quoted from a speech delivered by Sir Herbert Holt to the shareholders of the Royal Bank. I do not think anyone will accuse Sir Herbert Holt of being a free trader or of being even a low tariff man. In pointing out the trend of events in the United States and the danger of a market being refused to our Canadian farmers, he mentioned that it might be necessary for Canada to increase the British preference and to make better treaties with the more favoured nation countries in order to market our farm products which he, at that time, anticipated the United States would refuse to accept. I have in my hand a Canadian Press despatch from Toronto, dated May 8. This is a press interview with the Hon. J. S. Martin, Minister of Agriculture of Ontario, and it says in part:

The only recourse of the Ontario dairymen, Mr. Martin said, will be to make cheese and butter of the cream which is now being exported to the United States. It will be necessary, he continued, for them to concentrate on the British market with cheese and butter. The British market would be the only one open to them, he said.

I have another Canadian Press despatch from Montreal, dated May 8. This is an interview with the Hon. J. Edouard Caron, former Minister of Agriculture for the province of Quebec, and it states in part:

He urged an increase in Canada's production the better to meet domestic needs and urged a trend toward developing the British market should any export trade be sought.

It seems to me that it is a most dangerous thing for the Canadian government to do
[Mr. Campbell.]

anything at the present time which might prejudice or jeopardize that very important trade with the mother country which has proven so profitable to us. My complaint is based on two grounds: First, that the effect of this regulation will be to put additional impediments in the way of British trade—trade which we should encourage and foster in every way possible at the present time in view of the tariff attitude of the United States. My second objection is on a moral ground. I do not want to accuse the minister of deceiving the house, but I think he has either deceived the house or he has been deceived himself in introducing a regulation like this. I prefer to think that the minister did not understand it. In view of his statement, given through the Minister of Railways (Mr. Dunning) and the statement of the Prime Minister (Mr. Mackenzie King) which I read this afternoon, I am inclined to think that the minister had not given very close study to this matter but had simply accepted the recommendations of the textile industry and had brought forward this proposal without considering its actual effect. My submission is that the effect of this regulation will be to raise the tariff on certain British goods. It is not being raised in the straightforward, honest, old fashioned way by means of a revision of the schedules upward, but it is being raised by indirect means and the effort has been made to create the impression in the house and throughout the country that the tariff on British goods is being lowered and that the government is doing something to foster and develop inter-imperial trade.

Hon. W. D. EULER: (Minister of National Revenue): Mr. Speaker, as the subject under discussion affects the Department of National Revenue, I would like to make a very brief review of the situation as it stands to-day. I take it that the hon. member for Mackenzie (Mr. Campbell) criticizes not only the principle of the 50 per cent requirement of British content in order to obtain British preference, but also the manner in which it is working out. If he is criticizing the principle, I think he is just about one year too late as the matter was introduced during the last session of this house.

Mr. CAMPBELL: I criticized it much more forcibly during the debate on last year's budget.

Mr. EULER: If he is criticizing at this time its working out he is premature, because very little has been done so far with regard to the matter.