

After careful consideration of all the elements entering into the cost of production which are generally classified as raw materials, wages and overhead expenses, we are convinced that wages is the best and the fairest index of total production costs. This basis is, therefore, proposed as the basis for the construction of an international scientific tariff which it is hoped will be acceptable to all trading countries.

In the interests of prosperity and peace it is important that early agreement be reached by all trading countries on a scientific international tariff structure, and it is recommended that Canada should take a lead in submitting such a plan to the NATO countries which could be extended later to all trading countries.

By way of elaboration of this motion of a scientific international tariff structure: this is a matter that Mr. Oakley has given much thought to over the years; and you will see, honourable senators, that it is somewhat novel. Heretofore any principles relating to the administration of Customs laws have dealt with matters of evaluation for duty, dumping duty discrimination against imports by domestically levied excise taxes, for the most part, but at no time, to the best of my knowledge, has an effort ever been made whereby trading nations would get together and agree that when we fix the rate we will follow a generally agreed upon principle.

Hon. Mr. EULER: Would you rule out preference between countries,—for instance, the British preference?

Mr. CORLETT: Well, I think perhaps Mr. Oakley might answer that.

Mr. OAKLEY: I think, Mr. Chairman and gentlemen, that if we are going to get any policy that has international acceptance we have to forget political considerations. Now it is quite true that this country has built up its trade largely with the help of the British preference, but it is also true that we have passed beyond the stage where we can confine our trade within the orbit of the British Empire. I think we have to look at this thing realistically. We feel that the yardstick of wages is the only yardstick that has any hope of international acceptance. Wages are a measurable part of production costs, and what we are seeking to do in proposing a measure of this kind is to make it possible for the different countries of the world to trade with each other on the basis of fair competition. We recognize that there are different wage levels in different countries. Let us measure them. We will never equate them completely, but if we can equate them to the point where we can enable them to trade on a basis that is fair, then, I think, we have done something that will make a very real contribution to the trade of the world, and also to the improvement of the living standards of the world; and that is what we want to do.

In presenting this brief to you we have done so in its barest outlines. There are just two things about it that we wish particularly to emphasize. One is, we think that as somebody mentioned this morning, Canada can and should take a lead, that we should not wait for the United States to tell us what we can do and what they are going to do. I do not mean by that that we are going to act unilaterally. I do not think that would be wise. But I do think that we can give a lead in trying to get this international co-operation which, Mr. Chairman, your committee is seeking. In offering to lead we have to have something concrete to offer. I have the great admiration and the greatest praise for those who have conducted these tariff negotiations at Geneva and at Annecy and at Torquay. They are fine. But we are now in 1953, and there is some doubt as to whether those agreements are going to be implemented in all countries. In fact there is some doubt whether we are going to renew our own undertakings under these agreements at the end of this year.

Hon. Mr. EULER: No country has ratified them yet, has it?