

ernment, among other things a guarantee against any fall in price. This clause in their contract is what is known as the "fall" clause. It was quoted in this house by the hon. member for East Algoma and it is not necessary for me to repeat it. Its provision was simply this, that if any competitor sold timber at a price lower than that fixed by the Russian government with the advice of British purchasers, those British purchasers were at liberty to drop the price to meet almost any other competition.

Apart from this group, there was another one composed largely of men who either could not or would not join, and I think one at least refused to join, in the association formed for the purchase of Russian timber. This second group was strongly in favour of encouraging trade with Canada, and in memoranda which they submitted they urged upon the conference that a twenty per cent preference be given to Canadian timber. Negotiations were held between the interested parties, and it was not long before it was discovered that there was no possibility of any amicable arrangement being entered into between Canadian producers of lumber and the group which I have called the pro-Russian. The Canadian lumbermen then proceeded to carry on their negotiations alone. The submission of the Canadian lumbermen has, I think, already been given to the house by the hon. member for East Algoma, but perhaps the house will bear with me if I repeat it.

The CHAIRMAN: Is the hon. member dealing with schedule C or D?

Mr. POWER: I am talking about timber. Schedule C refers to timber of all kinds imported into the United Kingdom in substantial quantities.

The CHAIRMAN: That is all right.

Mr. POWER: The Canadian lumber industry made four requests; first, an embargo against Russian lumber going into the United Kingdom; second, a twenty per cent tariff preference in favour of empire lumber; third, a quota of 25 to 33½ per cent of the anticipated United Kingdom lumber imports to be assigned to empire imports; fourth, the balance of anticipated United Kingdom lumber imports to be divided in definitely stated proportions amongst non-empire suppliers. I propose to deal with the Russian embargo last, because it will probably take a little more time than the others. As regards the twenty per cent tariff preference in favour of empire lumber, it was pretty freely stated during the conference, and I think it was the

opinion of most of those who have anything to do with the timber trade, that unless there is this twenty per cent preference—that is the ten per cent which Canada enjoyed prior to the conference, plus another ten per cent—this country cannot compete in the United Kingdom market with Scandinavian, Latvian and Esthonian wood of the same quality. The rates of wages are lower in those countries; men are working in the woods for fifty cents a day in Finland, Latvia and Esthonia. I am sorry to say at this juncture that possibly the low rate of wages may apply also to some parts of this country. Freight rates from those countries are lower and, moreover, British importers are to a large extent financially interested in Scandinavian mills.

With respect to the third request, namely that a quota of 25 to 33½ per cent of the anticipated United Kingdom imports be assigned to empire imports, it was stated that unless the United Kingdom definitely set aside a share of the market for empire woods, which, in so far as softwoods are concerned, means Canadian woods, the market would be flooded by the cheaper goods produced on a much lower wage scale in the northern European countries. It was suggested that this quota should begin at 25 per cent of the anticipated market of 2,500,000,000 board measure and rise to 33½ per cent with increasing Canadian capacity to serve the market.

As regards the fourth request, that is the balance of anticipated United Kingdom lumber imports to be divided in definitely stated proportions among non-empire suppliers, may I say in passing I am not surprised that this particular request was refused. I do not know that the principle involved in it was a good one. The principle is that Canada would have asked Great Britain to make, or would have insisted on her making, certain arrangements with other countries. Great Britain at our request, had this been granted, would have been forced to limit her imports from the other countries of northern Europe, and I am not sure that the principle involved in this is one that many of us would support. These were the four requests. I regret to say that not one of them has been granted as a result of the imperial conference.

I now come to the fourth request: the embargo against Russia. With your permission, Mr. Chairman, and that of the committee, I feel that I shall have to refer to article 21, which is connected with schedule C and article 3. It is the article which is supposed to cover the Russian embargo. Article 21 of the trade agreement reads: