

back their port business because of this removal of the six cent preference on wheat! Dow, Jones and Company, one of the best known financial news agencies in the United States, an agency with which everybody is familiar, was quoted in the *Ottawa Journal* of November 17 last in these words as forecasting what would happen as a result of the removal of the six cent preference.

The agency said the result of the preference, in effect since the empire trade agreements of 1932, had been to divert most of the Canadian grain traffic from United States ports to Montreal, Saint John and Halifax.

The agency said the move "is considered likely to restore to United States Atlantic ports a large share of the export grain traffic."

And it is doing it. And, Mr. Speaker, from Washington also on that same day there came out statements boasting of the improvement that would take place in the business of United States ports because of the loss of this six cent preference on Canadian wheat. Then we lose the sheltered market of the British wheat buyer, by long odds the greatest wheat buyer in the world.

There are some other commodities on which we also sustain a loss. Take the preference on fruit. The Minister of National Revenue (Mr. Ilsley) has felt a little worried from time to time regarding the ultimate effect on the Annapolis valley so far as apples are concerned. We have lost about half the preference on apples. We are also suffering in regard to pears, honey and frozen salmon. In other words, whatever else we can say about the treaty, the fact is that it is the death-knell of the preferential system under which we have been trading with Great Britain.

I have before me a United States business publication *Business Week*, and in the issue of November 26 the following statement appears:

The British pact is more important diplomatically, but the biggest trade concessions are made in the Canadian pact. The two new pacts, while they do not wipe out the system of empire preferences which was set up in Ottawa in 1932, mark the first important move to break down that system.

That comment appearing in this United States business journal published in New York gives the United States view of the treaty, and I repeat that in breaking down the system we are breaking down a connection with the greatest market in the world. And for what are we giving up that system? We are giving it up for the most uncertain and erratic market in the world, that of the United States. There has been no other market for the sale of our goods in which Canada has

had less assurance. All one has to do is review the history of our dealings with that country to the south.

In 1922 the United States adopted the Fordney-McCumber tariff, which was a tremendous slash at our exports to that market. In the year before that tariff was passed, that is to say, 1921, they were exporting to us nearly two dollars' worth of goods for every dollar's worth that we sold to them, and in spite of that discrepancy they passed the Fordney-McCumber tariff the following year. In 1921 we imported from them goods to the value of \$856,000,000 and we exported to them \$542,000,000 worth, giving us an adverse balance of \$314,000,000. They increased their tariff against us at a time when hon. gentlemen opposite were in power, the same hon. gentlemen who constitute the government to-day. Again, take the Hawley-Smoot tariff. It is true that tariff was erected largely against the world as a whole; nevertheless, as the trade figures will show, it hit us very hard. I do not intend to give all the figures. The comparison was practically the same, showing an unfavourable balance so far as we were concerned, because our adverse balance was \$364,000,000; that is to say, they were buying from us \$364,000,000 less than we were buying from them at that time. And yet they raised the Hawley-Smoot tariff against us.

An hon. MEMBER: Did it make them prosperous?

Mr. MANION: That is not the question. My hon. friend will not divert me from my argument. Certainly it did not make us very prosperous. Can anyone suggest that a country of 125,000,000 or 130,000,000 people, who apparently resent the importation of Canadian goods, even to the amount of half as much as they export to us, to the extent of putting up trade barriers like the Hawley-Smoot and Fordney-McCumber tariffs, is a market upon which we can depend? Take the twelve months of 1938 as compared with the twelve months of 1937, and what do you find? In these past twelve months, just before the putting into effect of this agreement which has been signed by the right hon. gentleman and the United States representative, the figures show that we had a drop of \$133,000,000 in exports to the United States. They dropped from \$481,000,000 in the twelve months ending in November, 1937, to \$348,000,000 in the twelve months ending in November, 1938, and that despite the 1935 agreement about which the right hon. gentleman has spoken so much. Before the 1935 agreement we had a balance of \$1,000,000 in our favour in our