

An hon. MEMBER: Pooh!

Mr. FACTOR: If that is the extent of the hon. gentleman's argument, I have nothing to say to him. This agreement may divert a certain amount of trade to the United Kingdom, and I am certainly heartily in favour of that. But at what a price does it do it? I am not even so sure that it will divert the amount of trade that is claimed by the Prime Minister. I do not pose as an economic expert, but I do know that you cannot completely divert trade from the natural channel that it has been following, and if our natural channel is between Canada and the United States, we will say, that will continue to be the channel of trade.

This agreement will not create new trade for Canada. It will not give an impulse to trade, and what we need today more than anything else in this sorry world is more world trade to help us out of this mess. Indeed, I am not so sure but that this agreement designed to alter the direction and flow of trade will not add to the present trade difficulties and confusion and aggravate the already serious condition of business. May I quote again from page 541 of *The Economist*:

To sum up: Intelligent Canadian opinion realizes that the conference results cannot assure any special sort of prosperity for the commonwealth unless they are accompanied by an expansion of trade between its units and the other nations of the world. Canada cannot hope for much trade gains from the preferences in Britain until British purchasing power is restored by an expansion of trade far beyond the limits of the commonwealth; and, per contra, the Canadian market will not offer much larger scope for the sales of British manufactured goods until Canada is able to sell profitably in foreign markets the balance of her exportable surplus of natural products which the British commonwealth cannot absorb.

I now come to that part of the agreement referring more particularly to the preferences granted to Canada by the United Kingdom. The Prime Minister in his usual modest way described these preferences in the following language:

In all the history of the empire nothing has been before achieved comparable in present benefit or in future promise.

Well, the Prime Minister may be an authority on future promises, but so far as the present benefits to be derived from these preferences are concerned, may I point out, as other speakers on this side have done, that these preferences are so riddled with qualifications, reservations and conditions that their value is very doubtful. The hon. member for Vancouver Centre has already referred to article 1 which guarantees the continued entry of certain Canadian products to the United

[Mr. Factor.]

Kingdom market free of duty, but there is no guarantee there that the preferential margin will be maintained. Articles 2, 3 and 4, are made subject to the conditions which have already been referred to by my right hon. leader. These commodities must first be offered for sale to the United Kingdom at prices not exceeding world prices and in quantities sufficient to meet United Kingdom requirements. I shall not refer to article 6 as I do not pretend to be an authority on bacon and pigs. But article 1 to article 8, which contain our preferences, are, as I have said, burdened with qualifications and reservations. I quote again from *The Economist* of September 24, 1932. Referring to these preferences it says, at page 540:

In regard to wheat, the western grain trade and the leaders of the agrarian organizations are still very dubious of the value of the preference of six cents a bushel in the British market. They are afraid that it will mean tremendous selling pressure from Argentina and other wheat exporting countries in the markets of continental Europe, and that there will be a resulting depression in the world price, which will mean lower aggregate returns for the Canadian grain grower and smaller profits for the grain trade.

In order to retain the copper preference of four cents a pound in the British market, Canadian and other exporting dominions must sell at a price not exceeding the world price, and in quantities sufficient to supply the consumers.

May I say a word at this point concerning that part of the agreement under which we give to Great Britain our portion of the quid pro quo. I find, after careful analysis of the changes, that in connection with 133 items there is an increase in the intermediate tariff. Further than that, sir, one must come to the conclusion that there has been purely and simply a manufacturers' revision, or a revision for the wealthy man. Duties are reduced on linens, spirits, fishing tackle, guns, rifles and golf clubs. Tell me, how many working people would be interested in the purchase of these luxuries? How can the great masses of the people become enthusiastic over reductions in the tariff on these articles? I venture to suggest that on such luxuries the tariff provides the necessary revenue, and if for the benefit of the wealthy the revenue is now diminished by a reduction of the tariff rates, the great masses of poor people now overburdened by taxation will have to pay more taxes to make up the diminished revenue which must be replaced in some way.

Motorcycles are on the free list, but bicycles are not. Steel rims for bicycles are free. All these changes in the tariff are for the benefit