

presentation of the present proposals, and by the Chancellor of the Exchequer. I may quote from the statement made by the Chancellor:

"We want you to tell us whether what we have proposed is going to help you, whether our proposals can in any way be improved, and if so, in what direction. That does not bind us to accept any suggestions that you make to us, any more than you are bound to accept any suggestions we may put to you as to what we might desire by way of increasing our trade with you; but it does give us the opportunity at any rate of realizing what the position is, and then it will be for us to say whether, consistently with the interest of our own people here, we can carry out what you have suggested to us."

In response to this welcome overture, I have pleasure in giving you a brief statement of our position.

Canada has been the pioneer in the modern development of preferential trade within the British Empire. She gave us the first preference to British goods in 1897-8, and took the initiative in requesting the abrogation of treaties which stood in the way of Imperial preference. This policy she has steadfastly maintained. The Canadian preference now covers, in varying degrees, practically the whole range of competitive British exports to the Dominion. During the last session of Parliament, a ten per cent discount on existing duties, constituting a further increase in the prevailing preference, was provided in the case of British goods imported through a Canadian port. Canada has given preference in her own interest as well as in what she conceived to be the interest of the rest of the Empire. It has never hitherto, in the case of the United Kingdom, been made conditional on the grant of an equal preference in return. We have at all times recognized the importance of conceding to each government concerned the right to legislate as its own interests might demand, on tariff matters, or, in other words, complete control over its own fiscal policy. Should the British peoples decide at any time that it will be in their own interests as well as what they conceive to be the interests of the Empire to make far-reaching changes in their present fiscal policy, Canada will naturally expect that in the establishment of a tariff, full and adequate consideration would be given, through preferential duties, to the interests of Canada's producers and to the substantial preference which Canada accords to British goods.

Coming specifically to the proposal of the Chancellor of the Exchequer that we state what preferential duties would be of most advantage to our producers, and noting that the Chancellor quite properly observes it will be for the British Government to consider whether such duties would be in the interest of the British people, I now outline some of the chief Canadian exports to Great Britain in which an effective preference would be of most value. The list, of course, is not exhaustive.

Wheat obviously comes first and easily foremost. It is our most important article of export; the quality is unquestioned; the market is now highly competitive; Canada's export surplus is greater than the total British import.

Next in export importance among the grains comes barley, of which Canada normally produces sixty to seventy million bushels, and exported to the United Kingdom last year about ten million bushels.

Milling, particularly of wheat flour, ranks high among Canadian industries. It is closely and naturally connected with our agricultural industry. The production of flour normally runs about 15,000,000 barrels; last year our exports reached nearly 7,500,000 barrels, of which nearly 5,000,000 came to the United Kingdom. The industry is capable of very great expansion if greater markets are opened. Flour is, of course, a commodity of which the production and milling capacity in Great Britain is large. The effect of a duty would, therefore, depend very largely upon the extent to which the Canadian miller was put in a less advantageous position than the British miller; a duty which was distinctly protectionist rather than preferential would not, in the long run, we believe, be as advantageous to Canadian millers as the existing situation.

Of the other agricultural products, excluding those already covered, the most important are fresh fruits, apples, peaches, pears, and plums, all of which Canada produces in unexcelled quality, and, especially in apples, in very large quantities, with difficulty at present in finding profitable markets; (for Canada, a preference on fresh fruits is of much more importance than on dried or preserved fruits); cheese, butter and eggs, bacon and hams, canned vegetables. Of our fishery products, canned salmon, which is faced with competition from the United States, Japan, and Russia, would at present be most helped by a preference.

Sir Philip Lloyd-Greame acknowledged the letter, as also did Mr. Neville Chamberlain, and declared that in the course of the week he would continue the discussion with my right honourable friend to my left (Right Hon. Mr. Graham). This took place in October, 1923. What followed is well known. Mr. Baldwin, who had a majority of two or three hundred in the House of Commons, submitted to the people the issue of protection against foreign goods, and in January, 1924, was overwhelmingly defeated on that issue.

This explains the situation that followed, and up to 1931 the answer of Great Britain to all requests for a preference was in the negative. But economic nationalism gradually closed most of the markets of the world and increased Great Britain's difficulty in exporting goods. The British people were then brought face to face with the necessity of changing their traditional policy, and the members elected at the last election felt that this was an opportunity which up to that time had been denied them, and that they had a mandate authorizing them to impose a duty upon foreign goods. The Right Hon. Mr. Bennett in 1930 had encountered the same cool temperature that his predecessor had experienced, but 1931 brought a ray of hope to the Dominions.

The recent agreements have just been disclosed to us, and I confess that I have not been able to go minutely into their various details. I will refer only to some matters which seem to call for comment, and perhaps