

*Canada-U.S. Trade Agreement*

of soya beans up to the present time has been the orient, it being one of their staple products and one of the great necessities of life in China and Manchukuo. As the field of use has widened in Canada, the demand has grown, and in no sense of the word has production kept pace with the demand. In recent years various governments have been requested repeatedly for action by order in council whereby soya beans for this or that purpose might be imported free of the duty of two cents per pound which they had to pay when imported as beans n.o.p. Under the trade agreement, as indicated by the present item, soya beans are made free regardless entirely of the purpose to which they may be put in this country. The United States rate on soya beans is two cents per pound.

Mr. BENNETT: I just want to make a few observations on soya beans because my hon. friend from Lincoln (Mr. Lockhart) dealt with the matter very fully yesterday. If any member of the committee happens to enter Chicago at the central station and will go upstairs and look at the exhibit of soya bean products he will get a clear understanding of what soya beans mean in the economy of that country. It is estimated that 592 products can be produced from soya beans. I do not know how accurate that statement is; I do not pledge myself to its accuracy.

Mr. DUNNING: A very great number, anyway.

Mr. BENNETT: Next to coal tar products it is one of the most remarkable products we have in the number of derivatives that may be produced from the beans themselves—duco for example, for painting cars; oil for soaps, cake for feeds, and oil refined for other purposes. That will give the committee some idea of what is involved. During all these years we have been endeavouring in this country to secure variety of crops, and the late government was asked very particularly to see what might be done with respect to soya bean production. Last year we had ten thousand acres sown to soya beans in Canada; roughly five thousand acres went for ensilage and so forth, and the other five thousand acres produced beans. There is a small factory at Stratford which had many difficulties, but is now in a better position, and there is a factory in Montreal, that extracts the oil from the beans and sells it to the soap factories. This was one of the most fertile fields for development that I know of in this country. Now it has gone.

[Mr. Dunning.]

There will be no development of it with the free entry of soya beans into Canada; in the very nature of things it is quite impossible. In the first place the greatest field of production is in the orient, in Manchukuo where the beans are grown in larger quantity than anywhere else. In the valley of the Mississippi in the United States the production has increased very rapidly, but so great has the demand grown that it was with difficulty we could secure any quantity of soya beans from the United States, and the price became very high. The protection given to the farmers of the United States in the production of soya beans is two cents per pound, if my memory serves me aright. We did give the same rate of protection in our general tariff with a slight reduction—I think the rate was 1½ cents—on the intermediate, and it was free under the British preference. Now it becomes free to the United States, but that means that it is free to Japan and to all other countries that enjoy the most favoured nation treatment. I take it that it is free to Japan.

Mr. DUNNING: It always has been, under the intermediate, for certain purposes.

Mr. BENNETT: There is no question about its being free in any event to Japan and to all the other countries that enjoy the most favoured nation treatment. A great many of these items were free, but all countries that now enjoy the most favoured nation treatment in Canada will have the same protection as we accord to the United States. I do think it was a mistake to bind this item. In the first place it is a leguminous plant; as a matter of fact it is cut with binders in the field. In the next place production has been very high per acre where the soil is suitable; and the variety of products made from it rendered it highly profitable. I do not know that any field ever offered a greater opportunity to the Canadian farmer, in the sections where it could grow, than did soya beans; and when I saw that it was on the free list and bound, I confess I felt it was rather unfortunate. My hon. friend was wrong about the intermediate. The intermediate was 1½, except where the product is used for specified purposes, namely, for food, and then it was free across the board. But soya beans, for the general purpose I have mentioned, the extraction of oil and the production of various derivatives to which I have made slight reference, carried a duty of 1½ intermediate and 2 per cent general and was free under the British preference. It is now free to the United States and thereby free to twenty-seven other countries. I had hoped that it would not be, for the reason I have indicated. It offered the greatest opportunity