

*The Address—Mr. Pearson*

was very small. Our unfavourable balance with the United States was reduced because, and only because of that fact.

It is interesting to see how this reduction in imports is distributed among our various markets. According to the dominion bureau of statistics, imports from the United States went down by almost 15 per cent. Could that possibly be the diversion, the ill-starred and ill-begotten diversion, promised once by the Prime Minister? I do not think so, as the figures will show. During the third quarter of 1958 imports from the United Kingdom declined by 7.6 per cent and for the first nine months of that year they were 1 per cent lower than in 1957. Imports from the commonwealth fell by about 15 per cent for the first nine months of 1958 and by 20.8 per cent in the third quarter of that year. That is strange. We diverted 15 per cent of our imports from the United States. They did not go to the commonwealth, because the commonwealth countries received almost 15 per cent less—to be exact 14.4 per cent.

Where did our imports increase most? From Arabia and from Japan—petroleum from Arabia and textiles from Japan. That is the only group of countries which showed an increase in sales to Canada, and the improvement in their position is very impressive indeed. Was this the direction—to Japan and Arabia—that the so-called diversion was supposed to take? And while we lost 15 per cent of our imports from the United States, which helped to reduce our unfavourable balance, did we receive more imports from the United Kingdom? The answer is: no. But did the United States? The figures which came out a week or so ago showed that United States imports from the United Kingdom increased by about 15 per cent. What a strange result of the diversion of trade policy of the present government.

I think all this justifies my saying that the trade policy of the government, like other aspects of its policy, is wavering and uncertain and in no respect is this better shown than in the way this 15 per cent figure has worked itself out. It has also shown itself in the government's tariff policy. During the last session the government moved in the direction of greater protection. Some tariff increases were effected, especially on wool products, our main item from the United Kingdom, to make clear, no doubt that the diversion policy had been abandoned. Moreover, substantial amendments to the Customs Act were made which gave wide arbitrary powers to the cabinet and to the Minister of National Revenue to establish and increase the valuation of imported goods for duty purposes.

The United States government, we know now, vigorously and formally protested against this legislation. Its first note of June 26th, as we know now, was not even acknowledged. Its second note of protest, dated September 3, was not answered until October 24. In the debate in the House of Commons on this very subject last September 3, the minister had before him, I presume, one note or two notes of protest from the United States government bearing on this very piece of legislation.

**Mr. Nowlan:** The minister had no notes before him when this was brought up.

**Mr. McIlraith:** His colleagues had.

**Mr. Nowlan:** His colleagues had not either.

**Mr. Pearson:** Mr. Speaker, these notes have since been published. One is dated June 26 and the other is dated September 3 and they both deal with anti-dumping legislation which the Minister of National Revenue brought before this House of Commons. The minister says now that he did not have those notes of protest before him. Surely a government which, according to its own words, is so careful about its relations with the United States, so insistent on consultation on questions of interest between the two countries, especially with regard to trade questions, should get around to answering a United States note of this importance within four months; and surely this government could refer such notes to the minister who is introducing legislation in the House of Commons dealing with this subject. But now the minister says he never had the note. I was going to complain because he had not put it before the house when the bill was before us, but I understand now that he did not know.

In the reply which it eventually made in October, this government gave a clear undertaking to the United States, four months later, after the bill had passed. I wonder what would have happened if the United States had treated us like that down in Washington. The government gave a clear undertaking that the new section 38 of the Customs Act would not be used against the United States. But how is it to be used? Is there to be discrimination in the application of that particular clause? Is there to be discrimination against the commonwealth in its application? It is not to be used against the United States. But if it is to be used against anybody else, then there is discrimination.

This brings me to the question of the commonwealth conference held last September in Montreal. This conference, I might interject at this point, was one of a number of commonwealth conferences held since