

adequately administer the price controls.
5. Continuation of the Excess Profits Tax after December 31, 1947.

SOCIAL CREDIT PLANS

Solon E. Low (Social Credit leader) proposed that the Government should launch a \$2,000,000,000 domestic loan to provide Britain with dollars to buy food and other supplies in Canada. This, Mr. Low held, would off-set inflation and provide an outlet for Canadian production.

Mr. Low registered very strong objections to limiting imports of citrus fruits and fresh vegetables.

Mr. Low added: We also register the strongest possible objections to the very heavy excise taxes imposed upon many things domestic as well as imported, which have come to be looked upon as necessities of life in this day.

Surely it must be evident that these taxes will have a great inflationary affect in Canada, a thing we have been trying to avoid.

As a means of correct remedying the economic situation, Mr. Low urged the Government to restore confidence among farmers by immediate tax reduction, subsidies to boost the fixed wheat price to the world level, bonuses to boost livestock returns and compensated price discounts to consumers to bring down the cost of living.

FINANCE MINISTER REPLIES

The Minister of Finance, Mr. Abbott, defended the Government's recent action in removing feed grain price ceilings and reiterated intention to stand by dollar parity. The policy of paying subsidies on feed grains he said was a temporary one. There had been clear indications the Government did not intend to continue it. Its removal, first scheduled for September, had been deferred to October because of the meat strike. It had been desirable as a temporary subsidy to enable price ceilings to be held but it was not a proper type of subsidy to be continued permanently because it went to one class of farmers only.

To drop the dollar by ten per cent would mean putting a ten per cent tariff on everything Canada bought from the United States. It would not get Canada any more U.S. dollars and would not increase Canadian sales in the United States.

In continuing its policy of orderly de-control, Mr. Abbott proceeded, the Government was carrying out its pledges to the electorate.

Our experience during wartime, he added, leads us to the conclusion that price control is likely to break down at vital spots unless the Government is in a position to enforce its directions upon producers. . . . The application of any general form of price control, particularly if it were accompanied by a roll-back of prices as is suggested in some quarters would involve the allocation of scarce goods, rationing and so forth. . . . Any system of over-all price control involves over-all detailed direction of the Canadian economy. . . .

Unless this country is prepared to embark upon a completely controlled and completely directed economy, then we cannot go back in peacetime to over-all price ceilings. That is entirely apart from whatever our rights might be under the constitution as it exists.

Mr. Abbott moved adjournment of the debate which was agreed to on division.

GENEVA TRADE AGREEMENT

MOTION FOR APPROVAL: In the House of Commons, Dec. 9, Prime Minister Mackenzie King moved for approval of the Geneva Trade Agreement, including the protocol of provisional application. (C.W.B. Nov. 21, P. 6-9).

The Prime Minister described the Geneva agreement as the widest measure of agreement on trading practices and for tariff reductions that the nations of the world had ever witnessed. It represented the culmination of several months of negotiations. It was an accomplishment of the most far-reaching importance for Canada and the world. Together, the agreement and the Charter for the proposed International Trade Organization represented a balanced and inclusive effort to promote world peace by prosperity and economic cooperation.

For Canada, the importance of the agreement could hardly be exaggerated. The freeing of world trade on a broad multilateral basis was of fundamental importance for our entire national welfare.

Fundamentally, Mr. Mackenzie King continued, we are concerned not only over the level of our external trade. We have also a fundamental concern for the level of external trade of other countries. The character of our trade, with surplus of exports to certain countries, and excesses of imports from other countries, requires a condition in which surpluses on one account can be converted to offset deficiencies on another account. This means that a bilateral approach to trade is not enough. We cannot prosper on the basis simply of reciprocity agreements with single countries. Perhaps more than any other country we stand to prosper from the prosperity of others.

PRINCIPLE OF PREFERENCES

Tariffs, when applied by Liberal regimes in Canada, except in very special cases and in difficult, disturbing periods, Mr. Mackenzie King said, had been for revenue purposes, with protection only incidental. They had the basic purpose of stimulating trade through reduction of duties rather than by increasing the tariff on goods of other countries. Liberal governments had also regarded preferences as purely a voluntary undertaking, not as something contractual.

The so-called Ottawa trade agreements of 1932 changed the whole principle. The general schedules of tariff rates were, by these agreements, substantially increased. Even the British preferential rates were raised in many cases against Commonwealth products. The preference was accorded through raising duties

against all other nations to unprecedented heights. Within this framework, the countries of the British Commonwealth granted certain preferences to each other.

The basic principles of agreement at Geneva on preferences were: No new preferences were to be created; no existing preferences were to be enlarged; preferences remaining in effect were to be negotiable, that is to say, they were to be capable of being reduced or narrowed by negotiating with foreign countries in return for concessions to one, or other (or both) of the preference parties.

Canada followed at Geneva the basic principles adopted in the origins of the preferences under Sir Wilfrid Laurier. We strongly opposed any narrowing of preferential margins by the device of raising preferential tariff rates. In all the provisions in schedule V, there was only one instance of raising a duty under the British preferential tariff. In all other cases, where the preference was narrowed, a reduction was achieved by reducing the tariff rate applicable to non-British countries.

Canada was prepared to see the same principle applied with regard to preferences for her products in other countries of the Commonwealth. Canada agreed in several cases to the reduction of preferential margins previously enjoyed.

In an exchange of notes with the United Kingdom, under date Oct. 30, 1947, the U.K. and Canada mutually recognized the right of each to reduce or eliminate preferences remaining after the conclusion of the general agreement. The effect of the exchange of notes was to give freedom of negotiation and to make it possible to return to the original basis of preference.

MR. BRACKEN'S CRITICISM

John Bracken (Progressive-Conservative leader) held that in the Geneva trade agreement some of our preferences with Britain had been lost. No preference was left on apples although some preferences had been left, namely on lumber.

The exchange of letters with Britain, however, paved the way for the end of this preference and of others. Under the exchange of letters, we laid the basis for shutting out the balance of British preferences for good.

Article V of the Geneva agreement had the effect of granting to United States highway transportation the privilege of carrying U.S. goods across Canada. In its essence, this would mean the sacrifice of the jobs of many Canadian railway employees for the sake of benefitting a few United States truckers.

Mr. Bracken continued: The chief folly of the Government is, in our judgment, the destruction of the Imperial Preference system by their letter of Oct. 30 to the government of the United Kingdom. The treaties forbid any increase in existing preferences, and forbid any new preferences; but the Government has gone beyond this and appears to have embarked upon a campaign of destruction of our best and

greatest market, the market which maintains the employment and income of thousands of Canadians everywhere. As we see it now, we are opposed to the agreement contained in the letters of exchange between this Government and the United Kingdom. It is foreign to and quite outside the Geneva agreement and gives the finish to the empire preference system. By these letters, the Government invites the end of the great preferential trade structure.

POSITIVE MEASURES SUGGESTED

Mr. Bracken suggested the following as positive measures:

1. We should explore the possibility of preserving more of our greatest markets than the Government's present policies are likely to preserve. Our essential market for farm and primary products has been and is in the sterling area.
2. We should relieve our present shortages and ever-mounting inflationary pressures by getting production going in Canada with the same determination and energy we showed in the war.
3. We should try to arrange with the U.K. for the production on a priority basis of those supplies from which we are now cut off through no fault of the Canadian people.
4. We should accept the opportunity offered in article XXIV of the Geneva agreement to try to protect our great stake in the sterling area by exploring the possibilities of an acceptable customs union with the other British nations or some modified form thereof on a basis which will secure both our own individual interests and the interests of the group as a whole.
5. We should attempt to get a greater return in jobs and profits out of our natural resources.

M. J. Coldwell (C.C.F. Leader) said that no matter how beneficial the Geneva agreement was, it could not become fully effective until Europe had been fully rehabilitated, until the nations of Europe were in a position to trade with other countries.

Mr. Coldwell believed that the future of Canada's trade and the future welfare of the world depended upon the willingness of the United States to accept the new role that the world had assigned to her as the result of two great wars. In tying ourselves to the United States economy, as we were doing under the treaty, we must beware lest the United States did not fulfil that role.

Mr. Coldwell suggested that the whole matter should be referred either to the Banking and Commerce Committee or to a special committee of the House.

During further debate, Dec. 10, the Minister of Reconstruction and Supply, Mr. Howe, said a vast new field of markets for Canadian products would be opened by the Geneva agreement. He felt that the agreement would provide the avenue to a permanent and satisfactory solu-