

increase in our exports to the United States by including therein the bars of gold that we were sending to the United States in payment of the international balances accruing out of the deficit in our real trade exports. And in 1936 that real trade deficit in our year's trading with the United States in merchantable commodities amounted to \$35,224,564.

For the calendar year 1937, the value of our imports from the United States was \$490,504,978, and our domestic exports to the United States, as shown in the official returns, amounted to \$470,181,046; but these exports included gold bars to the value of \$110,158,903, leaving an export of domestic merchantable commodities of \$360,012,143, and showing a real trade deficit for the calendar year 1937, dealing alone with merchantable commodities which up until hon. gentlemen opposite assumed office in 1935 had always been the basis on which these records were kept, of \$130,492,835 in our trade with the United States.

For the calendar year 1938 our imports from the United States were of the value of \$424,754,993, as shown in the official returns, and our domestic exports to the United States, as given by the Minister of Agriculture in his address on January 25, were \$345,911,915, but this included gold bars to the value of \$75,450,726, leaving our real export of domestic merchantable commodities at the value of \$270,461,189, and showing again a real trade deficit for the calendar year 1938 of \$154,293,804 in our trade with the United States.

In brief, during the term of the trade agreement with the United States, which expired on January 1, 1939, our excess of imports of merchantable commodities over our domestic exports to the United States amounted to \$370,742,435, and in part payment of these debit balances we delivered to the United States \$258,367,247 in gold bars, which are accepted by every country in payment of international balances. We need no new trade agreement with the United States, we need to make no concessions to the United States to the prejudice of our domestic industry, in order to induce the United States to accept gold bars as a trading proposition. Gold bars are the medium of international payments in all countries in the world, and there is not a country on this side of the Atlantic or the other side that would not be very happy indeed to accept our gold bars in payment of any purchases our traders might make in those countries.

If these facts disclose any commercial advantages which we have received from our former trade agreement with the United States, I think we may all fervently pray

[Mr. Cahan.]

that such advantages may no longer be dispensed to us in the form of debit trade balances for which we have to export our gold.

I repeat that it is only since 1935 that the government of this country has attempted to boost its statistics of export trade by including its export of gold bars as a trading commodity. But no trade agreement is necessary to induce foreign countries to accept bar gold. Gold is not an ordinary commercial commodity which is subject to customs duties, and gold has no place in trade statistics which are quoted to show the advantages of a reciprocal trade agreement between this country and the United States or between this country and any other country.

When, late in 1932 and early in 1933, I was in Paris endeavouring on behalf of Canada to negotiate a new trade agreement with France, the official representatives of the United States used all available tactics, and even intimidation, to preclude the government of France from negotiating any trade treaty with Canada that would even implicitly recognize the right of the United Kingdom and the dominions to grant to each other any trade preferences, basing their objections on the assertion that members of the British commonwealth were, in relation each to the other of them, really foreign nations, and urging that France should insist that the most favoured nation clause should apply to all the concessions we had made to Great Britain; and if hon. members have read that treaty they will notice that in that agreement with France I insisted upon an unusual form of drafting, by including a special use and application of the term "foreign nation" with respect to France.

In fact, from the time that the Ottawa agreements with the United Kingdom and other British dominions were signed at Ottawa on August 20, 1932, the State department of the United States and its representatives at foreign capitals have striven, by every possible means known to United States diplomacy, to weaken, and, if possible, to destroy the effect of those interimperial agreements.

On the day that the new trade treaties were signed, a special dispatch from Washington to the *New York Times* clearly indicated the official view of the Washington government that the new trade treaty between Great Britain and the United States "sounded the death-knell of the empire preference theory of trade among members of the British empire."

The *Times* special correspondent further reported: