

The Address—Mr. Hanson (York-Sunbury)

Empire-United States		Trade—Commodities	
Year ended August 31	Empire purchases from U.S.	U.S. purchases from Empire	Adverse balance
1937-38.....	\$1,372,000,000	\$1,120,000,000	\$ 252,000,000
1938-39.....	1,291,000,000	639,000,000	652,000,000
1939-40.....	1,790,000,000	1,070,000,000	720,000,000
Total.....	\$4,453,000,000	\$2,829,000,000	\$1,624,000,000

Canada-United States		Trade—Commodities	
Year ended August 31	Canadian purchases from U.S.	U.S. purchases from Canada	Adverse balance
1937-38.....	\$ 510,000,000	\$ 399,000,000	\$ 111,000,000
1938-39.....	468,000,000	260,000,000	208,000,000
1939-40.....	660,000,000	410,000,000	250,000,000
Total.....	\$1,638,000,000	\$1,069,000,000	\$ 569,000,000

We cannot continue indefinitely to carry this burden. I ask the Minister of Finance to do me the honour of reading and studying these figures, and to tell us at some time what the government proposes to do about the situation which they disclose. It is not exactly for me to suggest a remedy. That task is imposed on the minister, but the remedy must be found. We cannot, I submit, provide these balances on the three-way basis of settlement as we have done for years and years. The adverse balance of trade as between Canada and the United States since confederation has reached, not hundreds of millions, but billions of dollars. This balance we have paid only by our exports to other countries.

It seems to me that there are two remedies: first, further restrictions on imports, particularly luxuries; second, our good neighbours to the south should have their attention called to the situation and be invited to help in providing a remedy. I would say that the best type of remedy would be greater purchases of Canadian commodities by the United States, and to that end the whole position at present existing in respect to the Canada-United States trade agreement should be reviewed.

It seems to me an anomaly that a nation of 130,000,000 people should buy from a small nation of less than 12,000,000 so much less per capita than we buy from them. Here, I suggest to the Prime Minister, is an opportunity to exercise that power of good-neighbourhood for which he is so justly famous and to which his follower referred the other day.

Applying the remedy which lies within our own power, namely further restrictions on importations, I believe that will have to be done. We shall have to tighten our belts still more. May I point out to the minister that when he applies that remedy he may create an evil that should be avoided. If you shut out anything in the nature of competition

[Mr. R. B. Hanson.]

it may cost the Canadian consumer a great deal more—and I want to illustrate that with one article. I know of a commodity produced both in Canada and in the United States, a manufactured article used as raw material in the manufacture of a finished product sold to Canadians and to the Canadian army. I have been told that up to October 15 last this product could be purchased in the United States and laid down in Canada cheaper than it could be purchased in Canada from Canadian producers after paying a burden of 48 per cent on the invoice cost.

Mr. RALSTON: Will my hon. friend let us into the secret to the extent of saying whether it is a military supply, or a supply for the air force or the navy?

Mr. HANSON (York-Sunbury): It is used by all of them. I will tell my hon. friend privately that it is something which is in common use. He uses it; I use it; the navy, the air force, the army, all use it. It is a simple thing—sole leather.

Mr. RALSTON: The secret is out.

Mr. HANSON (York-Sunbury): Yes. Let me give an illustration. Take an invoice of \$100. You add 10 per cent exchange tax and that gives you \$110; 25 per cent duty, or \$25, brings it to \$135; add the sales tax of 8 per cent on \$125, or \$10 more, and you have \$145; then take freight, cash discount, and so on, 3 per cent, or \$3, and you have a total cost of \$148 on an invoice of \$100. Up to October 15 a man could buy goods of this kind to the value of \$100 in the United States and bring them here and save money. That is a condition I should like the government to look into. It should be referred to the war prices board. I do not want them to be bamboozled by any leather controller who is himself interested in leather production. Let us get away from that sort of thing.

We have been told that prices are being held down. Perhaps they are, but I have