

facturers may benefit, other concerns in small towns all over our country may in consequence be injured.

There is another point, if I am not getting too discursive. In that tariff or schedule, the Government proposes to reduce the percentage of British material and British labour required by Canada in goods exported to Canada under the preference. I have attended economic conferences and I know something about their discussions. There was a good deal of discussion as to the percentage that ought to be demanded. I insisted that under the preference we should not be asked to accept goods coming from any other country in Europe, and passing through Great Britain for finishing purposes, unless those goods contained at least fifty per cent of British workmanship and British material.

An hon. SENATOR: Not enough.

Right Hon. Mr. GRAHAM: Well, I insisted on fifty per cent. I was told that we exported automobiles to Great Britain which were largely the result of assembling plants in Canada, and not the result of Canadian manufacture. But I assured them, by giving them a list of some of the larger ones, that those manufacturing establishments in Canada were using from 50 to 75 per cent of our own labour and material. Finally the amount was raised by Canada to 50 per cent. Now I see the Government is going to reduce that to 33½ per cent. That is, goods coming from Great Britain to Canada will come under the preference if 33½ per cent of their value consists of British workmanship and material of British manufacture. The reason given for that is that it will help the Lancashire cotton mills. Well, it may, but let me point out that those cotton mills can get their raw cotton in the British market.

Hon. Mr. FORKE: That is denied.

Hon. Mr. GRAHAM: I do not think the denial is good.

Hon. Mr. GRIESBACH: Forty per cent is the proportion that can be got in the British market. My recollection is that of the cotton used in Great Britain only 40 per cent is grown in the British Empire.

Right Hon. Mr. GRAHAM: That is true because Great Britain will not buy it; it costs too much. But I think I am fair in my contention that it could be purchased in the British Empire if they wished to go to the place where cotton is grown. But the Lancashire cotton mills—and I am not blaming them—get their raw cotton from the United States, and we are reducing this proportion

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to 33½ per cent to let the United States sell raw cotton to the Lancashire mills, and the Lancashire mills can sell us cotton goods manufactured from that raw cotton.

Hon. Mr. GRIESBACH: Would it be possible that this reduction is being made for the purpose of offsetting the New Zealand legislation against Canadian motor cars, to enable us to deal with New Zealand in connection with that matter? The right honourable gentleman is no doubt aware that in New Zealand they have recently taken our motor cars out of the British preference for the reason that cars made in Canada do not contain a sufficient amount of Canadian labour and material. Might not the reduction to 33½ per cent give us a basis for dealing with New Zealand in the matter of motor cars?

Right Hon. Mr. GRAHAM: I think that butter would be the best basis and the only basis. If I remember correctly, New Zealand requires more than 50 per cent of Canadian material. I know that Australia required more than 50 per cent of Canadian workmanship and material. I think that the increase in the percentage made it more difficult for us to trade with New Zealand, and it has taken a definite stand now. Yet I cannot see the connection between Lancashire cotton and New Zealand.

If that reduced rate applied to Lancashire cotton only, I would not say what I have said, but it applies to other commodities. Germany can send in its semi-manufactured material to Great Britain, and if in that material there is 33½ per cent labour and material of Great Britain, then it comes into Canada under the preference, and I say that some manufacturers in Canada have to suffer on that account, and they will suffer more now. People will not be buying goods produced mostly by British labour; they will buy imported goods that are only 33½ per cent of British workmanship and material.

I want to call the attention of the Government to that provision, because it is so broad in its terms. It will help the Lancashire cotton mills. I am not going to argue that any further. I would not say what I have said to-night but that I know from representations made to me by one of the manufacturers in Canada that they are going to be very materially injured by that one act.

Hon. Mr. McMEANS: What would you suggest?

Right Hon. Mr. GRAHAM: I would suggest leaving it at 50 per cent. If there is