

or the opinions of my constituents, they are in favour of this agreement, not against it, and I can give the reasons why they are.

To begin with, what was done? The duty on United States apples going into the United Kingdom was 4s. 6d. per hundredweight. We consented to a reduction, during the term of the agreement between the United Kingdom and the United States, to 3 shillings per hundredweight. The value of apples that we have shipped from Nova Scotia to the United Kingdom during the past ten years, according to the statistics here, was only a little over \$2 a barrel f.o.b., shipping point, but I feel that this must be a little low and I am assuming that the average price during the past ten years was \$2.25 a barrel. A duty of 4s. 6d. per hundredweight on that would be about \$1.40 a barrel, which would be something over 60 per cent ad valorem on an f.o.b. valuation of \$2.25. That is a pretty high protection; it was always recognized as such. As a matter of fact, I found that the apple interests of Nova Scotia in 1932 did not request a duty of 4s. 6d.; they requested a duty of 2 shillings first, then 2s. 6d. and when other interests pressed for a duty of 5 shillings, they of course were agreeable to 4s. 6d.

I said that I think the apple growers of Nova Scotia are in favour of this agreement. They realize that the preference was the act of Great Britain, not of Canada; that the duties are British duties, not Canadian; that our agreement could be terminated by either Great Britain or ourselves in 1940, and that after 1940 Great Britain would have had the right to levy duties against our apples, or remove all duties against United States apples, or do anything else she wished with her apple duties. They felt also that it was important that we have some regard for Great Britain's wishes in this matter; that it would be folly for us to stand in her way merely for the sake of retaining an extremely high preference for one more season. It would have been dropping the substance for the shadow. Under this new arrangement our position is stabilized on what might be called a 30 to 40 per cent, rather than a 60 per cent, basis in the British market, which is a reasonable basis. They know that far more important than any duty against United States apples going into Great Britain is the preservation of free entry for our own apples. They feel also that with the new direction which has been given to the trade policies of the three countries, freedom of entry will not be threatened for a long time to come. They are aware that the high 4s. 6d. rate was unduly stimulating British production,

[Mr. Ilesley.]

and many were worrying about a duty the height of which was raising up in Great Britain competition which would eventually destroy us. The natural result of orchards being set out in Great Britain on a large scale would be that after a while the apple interests there would insist upon duties against our apples. Indeed, as the hon. member for Yale must know, there had already been some agitation for a duty of 2s. 6d. per hundredweight against our apples.

Mr. STIRLING: For many years past.

Mr. ILSLEY: Yes. The new rate, being more moderate, will lessen the danger of over-production of apples in Great Britain with consequent restriction upon the movement of our apples. They recall that in 1930 and 1931 it was felt by Nova Scotian apple interests, probably for the reasons I have just mentioned, that 2 shillings and 2s. 6d. would be enough protection. True, the situation has changed somewhat since that time because of the stimulation of British production, but that process has not gone on so long that a correction cannot be attempted. They realize also that the chief benefit which the United States will get from lower British duties may be, not greater volume of sales in the British market, but greater returns on the same volume, on account of the fact that they will not have to pay so much to the British treasury in high duties. That expectation has been verified by the experience since January 1, as far as anything can be verified in so short a period. Shipments from the United States have not increased since January 1; they have gone along steadily maintaining the same relative proportion to the shipments of a year ago that they did before January 1, showing that the advantage for them is not an enlarged market for their apples but increased returns. Needless to say, our price cannot possibly be affected in the British market unless there is a substantial increase in the quantity of United States apples shipped into that market, and even then the effect on the price is wholly untraceable and unpredictable. I heard one hon. member, the hon. member for Royal (Mr. Brooks) I think, say that the reduction in this duty meant a reduction of so many cents a barrel in the price. It means nothing of the kind. The reduction in duty is not necessarily reflected in the price.

Mr. STEWART: That is a good argument for some of the minister's friends.

Mr. ILSLEY: It is true. It all depends on the conditions, but under these conditions it is true. For instance, for the five years