

I believe it is no exaggeration to say that never before in the history of Canada has there been such an intensive and well directed drive for the stimulation of our international trade as that made since this government took office.

What has been the result? The figures are so well known to members of this house that I hesitate to repeat them. But briefly, in the first eleven months of 1936 our imports grew from \$511,000,000 to \$582,000,000, an increase of 13·8 per cent. In the same period our exports grew from \$759,000,000 to \$928,000,000, an increase of 22·3 per cent, and the highest since 1929.

Now, sir, we shall be reminded that there has been a general upturn in world economic conditions and international trade, and that independently of and apart from anything this government might have done there would inevitably have been an improvement in our trade. There is some point in that argument. But would it not be equally reasonable to suggest that the realization of other countries as well that prosperity can best be brought about, not by damming up, but by opening the channels of trade, had something to do with that general economic upturn?

And, sir, the matter is not so easily disposed of by simply attributing it to a general economic upturn. It will not be assumed that any international trade treaty will in one year, much less one month, do all the good that its proponents may claim or all the harm that its opponents may prophesy.

But Canada has two agreements which have now been in operation slightly over a year. At the last session of parliament it was announced that an amicable agreement had been arrived at with Japan. At the time it was suggested that the Canadian market would be flooded with Japanese goods. But what has happened? Our exports to Japan have increased by 33 per cent, and in addition our favourable trade balance with Japan has increased from \$10,470,000 in 1935 to \$13,990,000 in 1936.

The situation in regard to the Canada-United States trade agreement cannot be analyzed quite so simply. In a general way the articles which we export to the United States may be divided into four classes: (1) items not affected by the agreement; (2) items bound free of duty; (3) items bound at a low rate of duty; (4) items subject to the reduction provided in the agreement. To those who suggest that the action of governments has little influence on trade, that as the wind bloweth where it listeth, so trade floweth where it listeth, an analysis of the figures in those four classes is illuminating.

Dealing with each class separately, our exports of items not affected by the agreement increased by only 1·2 per cent. Our exports of items bound free of duty increased by 18·3 per cent. Our exports of items bound at a low rate of duty increased 21·9 per cent, and our exports of items subject to reduction in the rate of duty increased 62·3 per cent. Bearing in mind the wide relative variation in our exports as between articles not affected by the agreement and those on which the reduction was secured, can anyone suggest that the results of that agreement during its first year of operation have not been beneficent?

Then there is another matter arising out of the agreement with the United States. The house will remember that one of the terms of the agreement provided that under certain definite regulations tourists visiting one country from another would be permitted to bring back \$100 worth of goods free of duty. At that time apprehension was felt that our imports under this item would be so substantial that, especially at border points, they might be ruinous to the retail trade. In my own constituency, separated as it is from the United States by only a narrow river, and with splendid transriver facilities, that apprehension was necessarily present. But it has been found so far that the fear of harm which might result was greatly exaggerated. And when it is remembered that in the last year 2,700,000 tourists crossed into Canada at the port of Windsor alone, any loss that may have been sustained has I suggest been amply recouped by the increase in the tourist trade.

But, sir, there are two features of our economic upturn that give cause for apprehension. The first is the condition of the building and construction industry. While there was a slight upturn in that industry last year, namely three per cent, the amount of that increase is inconsiderable when we remember the severe and precipitous decline which that industry had sustained. It is remarkable that with the general upturn in all our major industries the building and construction industry alone has remained quiescent, like a painted ship upon a painted ocean.

There is another fact that must be clearly faced. While industry has been definitely improving, and while employment is definitely on the increase, the reduction in the number of unemployed and the number on relief has not been anything like proportionate. It is easy to explain this in a casual way by suggesting that a certain proportion of the unemployed are unemployable, or that a certain number come to an employable age