

A year or two ago I criticized very strongly in this chamber the Canada-United States trade agreement. It was my privilege at that time to analyse our trade situation for a period of some twenty years; and for the benefit of new members I might mention that this schedule of seventy pages which I have in my hand represents what we gave the United States, and this smaller document indicates what we received. Item for item we gave \$5 for every \$2 we received. Beyond that, we gave away a three per cent excise tax. True, that has been equalized through the new war exchange tax, and I compliment the government on their courage in this matter, although I wonder whether we have accomplished what we set out to do, in view of the pegging of exchange at \$1.10 when the free market is \$1.20. Nevertheless, what was given away two years ago under the provisions of article XII of the Canada-United States trade agreement is now recovered, but that is for the period of the war only; when the war is over that tax will disappear and we shall be back where we were.

A few weeks ago an item on the order paper in the name of the Prime Minister called for a committee of this house to study what shall be done in the matter of reconstruction after the war. In my opinion the greatest problem as far as trade is concerned will arise when the provisions of the present war exchange tax become inoperative at the close of the war. There will be a collapse of trade in Canada if we ever go back to last year's position.

I purpose to put on the record article XII of the Canada-United States trade agreement, so that we may be able to refer conveniently to the clause which makes it possible for us to continue the agreement and at the same time impose a war exchange tax of ten per cent:

XII. 1. Nothing in this agreement shall be construed to prevent the enforcement of such measures as the government of either country may see fit to adopt

(a) relating to the importation or exportation of gold or silver;

(b) relating to the control of the import or export or sale for export of arms, ammunition, or implements of war, and in exceptional circumstances, all other military supplies;

(c) relating to neutrality or to public security; or—

This is the clause under which, I understand, the war exchange tax becomes operative:

(d) should that country be engaged in hostilities or war. . . .

Article XIII reads:

XIII. If a wide variation should occur in the rate of exchange between the currencies of Canada and the United States of America, and if the government of either country should consider the variation so substantial as to prejudice the industries or commerce of that

country, it shall be free to propose negotiations, for the modification of this agreement; and if agreement with respect thereto is not reached within thirty days following receipt of such proposal, the government making such proposal shall be free to terminate this agreement in its entirety on thirty days' written notice.

We are at war, and perhaps all this does not matter so much now, but at the same time we must take cognizance of the position we are getting ourselves into. We must go further and see whether we cannot get action of some kind from those of the ministry who are charged with the responsibility. I suggest that a definite responsibility lies with the Minister of Trade and Commerce (Mr. MacKinnon). Trade is vital to us, and I have felt for some time that the conduct of that department has been weak and ineffective. In recent months a number of trade commissioners have been evacuated from Europe. What is being done to utilize their services and abilities and put them to work on the problem of enlarging our export trade? Something should be done. The people should know that these trade commissioners are to be placed in the Americas or other non-belligerent countries to help make up for the loss of trade which has resulted from the present tragedy in Europe.

In this regard I suggest that we should have an imports board, with adequate authority, working in conjunction with the foreign exchange control board. Their duty should be to review the necessity of providing foreign exchange for certain classes of imports, and they should have power to restrict the departure of our Canadian dollars for the purchase of American exchange. In order that the point of my remarks may be made abundantly clear let me recite an actual experience of my own three or four weeks ago. I was in a planing mill in one of our large cities. I happen to know the proprietor very well; he is a conscientious and intelligent Canadian, and much worried about the war situation. I asked him, "Is your mill busy?" He said, "Yes." I asked, "What are you doing?" On a bench almost as large as the table now in front of me, all kinds of blue prints were laid out. I said, "You have got this job, have you?" His reply was, "Yes, I got this job, but am not very proud of the fact that my men are working on this particular job." What they were manufacturing, Mr. Speaker, was the panelling for two beer parlours, one for men and one for women, in a large beverage room which is being rebuilt during this time of war. That was not so bad. But, he said, look at this specification. The specification says that this beer parlour, 80 by 80, and this other, 40 by 80, must be panelled with southern pine imported from the United States and trimmed with hardwood