

effort on the part of Canada or the United Kingdom to divert trade from United States to empire channels.

May I go on in relation to the position taken, from which article 21 largely arises? We submitted that:

A tariff preference of twenty per cent will, we are confident, enable us to overcome high production costs, long distance from markets, etc., and compete against any country in the world with the exception of Russia. With regard to the latter country we cannot suggest any preference that would enable us to meet the class and character of the competition that Russian economic and marketing methods present.

They go on:

Early in 1932 Russia offered to a group of British timber merchants a quantity of timber approximating 900 million feet B.M. at prices lower than those of any other country, and included a fall clause which assured them against any loss arising out of any attempt on the part of other countries to meet her competitively. These merchants fully realized that if they did not accept this contract Russia would consign her timber to the United Kingdom and sell for any price obtainable and to any and all buyers. Thus, the British buyers were forced to combine, it being obvious that no private trader in any country could include such a fall clause in his contracts.

Now, Mr. Speaker, were the committee of Canadian lumbermen justified in making that statement? I have a copy of the contract referred to in my hand, I will read the provisions:

If, however, the sellers, owing to market conditions, should be forced to make reductions of these prices, such reductions shall be promptly notified to the buyer, and shall apply to goods of the same descriptions, dimensions and qualities shipped under this contract as follows:

(a) As to fifty per cent of the reduction in prices—but not more than 20 shillings—per standard on any item—on any goods which have arrived at port of destination at date of reduction and

(b) As to 100 per cent of the reduction in prices—but not more than £2 per standard on any item—on any goods not yet arrived at port of destination at date of reduction.

Then later:

(a) In the case of goods for which invoices have not been presented to buyers, by adjustment of invoice.

(b) In the case of goods already invoiced by the deduction of not exceeding £2 per standard on account of goods already invoiced, from the invoices for subsequent shipments.

And so on. Then later:

In consideration of the above undertaking by sellers—

That is, the agents who sell the lumber in the United Kingdom.

—the buyer undertakes that he will not enter into any contract for resale at less than cost

price plus normal trade profit, until the goods are landed and piled away.

And later:

Sellers have the option of cancelling this contract so far as concerns goods for which documents have not been presented to buyers, retaining the right to ship and/or sell such cancelled quantities in this market at such prices and on such conditions as they (the sellers) think fit.

That is exactly what they are doing. To further illustrate the manner in which that business is being carried on, and to justify the position taken by the lumbermen's committee and this government in arranging for that clause, let me say that on August 17, just a few days before the conference came to an end, the following telegram was received by R. L. Sargent, secretary of the Canadian Lumbermen's Association:

Have received cable from Liverpool reading as follows: Fifty thousand standards unsold Russian balances definitely being dumped this season. Loading orders already given several cargoes this area. This information might assist Canadian committee.

That telegram was signed by Forbes Cooper, the representative of A. F. & D. McKay, one of the largest importers of lumber and timber products in the United Kingdom. Further, I have the following translation from page 123 of the report of the commercial exhibition of the Union of Socialist Soviet Republics in Paris, as it appeared in *La Libre Belgique* of March 31, 1931:

We cannot play a decisive role on the world market, for our means of exportation are relatively feeble. But we can at least bungle the prices of world commerce. It is this that we have done up to the present, selling at random at dirt cheap prices, not drawing any profit, and causing losses not merely to ourselves but also to the large traders of the entire world.

Just one other quotation. I have before me a letter from the head of Foy, Morgan and Company, one of the firms which were parties to this Russian contract. This letter, which is signed by Colonel Morgan, was written to the Canadian committee under date of June 7, and is as follows:

If I might venture to make a suggestion, the first question that would have to be considered before the ills of the lumber trade are tackled is the Russian question. So long as the trade agreement is allowed to operate in its present form and the Russians have control we shall have a competitor who knows no rules and is not bound by any question of costs. This must inevitably affect the price of lumber throughout the world and in its turn affect the value of the forests, and wherever forests exist they should be looked at as a national asset.

I think that I can speak absolutely impartially with regard to the Russian question because pre-war we were by far the largest