

Two items please the public especially, viz., the British preference and the countervailing duties.

"Hands across the sea," such was the appeal of Sir Wilfrid Laurier when he granted the British people preference. He did this because England was the only country where Canadian products were admitted free of duty. The Hon. William Lyon Mackenzie King made the following statement at the 1926 Imperial conference:

The same satisfactory position as to total inter-empire trade is indicated by an analysis of trends in Canada. In the past four years, our imports from the British Isles have increased approximately from 117,000,000 dollars to 163,000,000 dollars, and from 15.7 per cent of our total imports to 17.6 per cent. We would wish that British imports formed a larger proportion of our purchases, but in view of increasing competition from other countries, and particularly the advantage which the United States exports derive from close proximity and knowledge of Canadian requirements, it is striking to find the share of British exports on the increase. I think it will be agreed that but for Canada's extension of preference to Great Britain in 1897, the starting point of the present intricate inter-imperial preferential system, and further developments such as the grant in our budget of 1923 of one-tenth additional tariff preference to British goods entering by Canadian ports, the position would be far from as satisfactory as it is to-day. It may further be of interest to note the very high percentage of manufactured goods in these imports from the British Isles, 87 per cent in the last fiscal year, or more than half as great again as in the case of imports from the United States, from which we derive a good deal of our raw materials. In the same four years the rate of duty levied on dutiable imports from Britain declined from 24.8 to 22.1 per cent.

Great Britain was last year our best customer; it has alternated in this position of late years with the United States. Four years ago we exported to Great Britain 300,000,000 dollars' worth of Canadian products; last year, over 500,000,000 dollars. Yet the percentage of our exports taken by Great Britain fell during these years from 40.4 to 39 per cent, a fact which reflects the growing diversity of our export trade and the increasing amounts taken by Continental Europe and Asia.

During the past four years our trade with the other members of the British Commonwealth has shown marked expansion in totals, and a slighter increase in percentage of our whole export and import trade.

This took place in 1926. In 1930, Canada increases this preference on many items. Our country in no way desires to have the artisans of England; it wishes to see them find at home the prosperity and happiness they enjoyed when the vessels of Albion carried the products of the United Kingdom across the seven seas of the world. Sir R. Giffen, once stated that preference was a measure of safeguard

for certain products of the empire. The right hon. Mr. Snowden is not without knowing that our wheat needs an outlet, that the next crop is growing and that, for the Western farmers as well as for the manufacturers, to restrict production always entails smaller revenues. The United States have forged ahead in trade exports, since 1914, but England certainly can regain the lost ground, if she generally responds to the offers which come from various parts of the empire. Without going back to the Corn laws the United Kingdom cannot be satisfied with extending her thanks for the advantages that Canada procures to her exports.

The budget brought down by the hon. Minister of Finance does not go beyond the limits, as a number of manufacturers of our country have entirely approved of it; that is, the items enjoying British preference will help to increase production, to create new wealth, more stable employment and better remuneration for a great number of unemployed that modern machinery has temporarily thrown out of work. Canada wants economic peace. Her representatives at Geneva proclaimed it to the world. Our Finance minister by putting the countervailing duties in the budget, will first have recourse to this economic expedient as means of negotiation, reserving later their application against those countries which, dealing with us, refuse to abolish certain tariff regulations harmful to our exports. The fundamental notion of this countervailing tariff will not vitiate in any way the normal course of competition by putting in danger the essential supplies of certain nations as well as the outlets no less indispensable of others. It is to attain the re-establishment and future development of the world activities, to succeed in improving the respective positions during trade negotiations, in eliminating that desire of retaliation against foreign tariff measures which are very injurious, etc., that this countervailing duty was proclaimed. It holds no threats: still less do they imply retaliation measures synonymous to high protection. It is properly speaking, a simple measure of an economic order creating no special privilege.

The Liberal party realizes that disorganization would result from the abolition of a tariff wall. It refuses to believe, like those who complain of "the theft of their exaggerated protection", that it is always more advantageous to decrease the imports than to increase the exports. We must note that if exportation increases, production, the wages of workers and the national revenue increase proportionately; if importation decreases,