

part their interests were not affected. Doubtless to-day they would favour it, but you cannot turn back the wheel of time.

In 1913 I was asked by Sir Wilfrid Laurier to suggest to President Woodrow Wilson, whom I was shortly to meet, that the convention of 1911 be allowed to remain on the Statute Book of the United States, if his tariff policy was in agreement with that convention, because Sir Wilfrid intended to submit it anew to the people of Canada at the next election.

Sir Wilfrid was defeated in 1911 on the reciprocity issue in certain constituencies; in others, particularly in Quebec, the "Laurier Navy" played the major role in favour of his opponents. Now, Sir Wilfrid made an error when in 1911 he advised dissolution. One is always wiser after the event, but I am confident that if he had contented himself with submitting the convention to a referendum, two-thirds of the electorate would have voted for it.

In 1923, at the instance of the late Mr. Fielding, a standing offer to the United States for a trade agreement was placed on the Statute Book, and in 1931 it was enlarged by the Bennett Government.

I realize that both countries may criticize this agreement from various angles, and it is being criticized; but in this country the criticism comes mainly from the official Opposition in the other Chamber. I have yet to hear of any pronounced opposition to the treaty generally throughout the country. That there should be opposition here and there would not surprise me at all. You cannot negotiate such a convention without affecting to some degree certain vested interests that have enjoyed generous tariff protection. A reduction in protection means keener competition, and naturally those vested interests strenuously object to the slightest reduction in tariff.

I draw the attention of this Chamber to the fact that the present Government was to a certain extent hampered by the Ottawa Agreements. It could not, for instance, offer concessions on anthracite coal, Indian corn, canned fruits, dried currants, raisins and other commodities.

We might discuss for days and weeks the advantages or disadvantages of this convention, but it covers such a number of articles that I believe some time must elapse before its effect can be fully understood and appreciated. Our intermediate tariff can be modified by Parliament to permit of reasonable adjustments.

Our general tariff and our intermediate have been raised considerably since 1930; and in many instances there is only a slight margin

between them. I am speaking generally. There is, I submit, fair protection under our intermediate tariff against all foreign countries, including countries highly industrialized and having standards of living much below those prevailing in the United States. Since 1930 our people have deemed the tariff too high. It is now brought down somewhat.

This convention, I think, is intended to give advantages to both countries, and it is hoped that if within the next three years this proves to be its effect, it may be broadened in scope.

The agreement safeguards items now on the free list. Some of them were seriously threatened. As our general tariff was operating mainly against the United States, it was an added incentive for them to retaliate. For instance, the newsprint industry, which provides a large volume of our export products, was seriously menaced, for various reasons. The United States have now a two-column tariff. Canada enjoyed the lower rate for a given time. It was to expire on the 1st of January, if I am not mistaken. It has been continued for two or three months. We stood to lose that lower rate if we had no agreement. The most-favoured-nation treatment assures us the lower rate. To show how imminent was that danger, I may point out that Germany withdrew the most-favoured-nation treatment which it had given the United States, and the United States promptly retorted by transferring German goods to the general tariff. This indicates what an incentive there was for the Canadian Government to accept the convention as it is.

It will be noted that the United States have allowed their nationals to take \$100 worth of Canadian goods into the United States free of duty. We have reciprocated by allowing Canadians to bring in \$100 worth of American goods.

We have also granted the United States the right of transshipment of goods coming from other countries. For a long time the United States have been threatening to retaliate if we did not alter the situation in that respect. It has been established, I believe, that it is to our advantage to give them that concession. They would have secured the same advantage from the granting of the most-favoured-nation treatment, because from the moment they have the benefit of that treatment, ipso facto the stipulation as to direct shipment ceases. The transshipment privileges in this agreement would likewise have been granted to the United States under the offer made by the late Government.

The privileges given to the United States does not apply to our tariff arrangements with Great Britain. In order to secure the benefit of the British preferential rates it is necessary to make direct shipment to our ports.