

# GERMAN TRADE TREATY PASSES OTTAWA HOUSE

## Euler Explains Its Aim as Recovery of Lost Business

### ACCORD ON EXCHANGE

## Bennett Doubtful of Success; Cahan Warns Against Monetary Danger

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(Gazette Resident Correspondent.)

Ottawa, April 8. — A full and frank statement from Hon. W. D. Euler, Minister of Trade and Commerce, of its terms and aims, a vehement protest from Samuel Factor (Lib., Toronto-Spadina), on behalf of his race, against doing business with the Nazi nation because of its persecution of the Jews, doubts cast by Rt. Hon. R. B. Bennett upon Germany's continued ability to provide foreign exchange, and a warning from Hon. C. H. Cahan against the monetary confusion of Europe, marked the debate of a little more than an hour's duration which preceded final passage of the bill approving the temporary trade arrangement with Germany.

"The agreement we propose," said Mr. Euler in concluding his persuasive statement, "is more or less experimental. It is designed to facilitate the extension of Canadian trade in a market which in past years was extremely valuable to us, to extend our trade in wheat and the other commodities we have to sell. I believe this agreement does offer a reasonable means for expansion of Canadian exports and, further, is in accord with the belief of this Government that a freer exchange of commodities between the nations of the world will be a greater guarantee of peace than all the great armaments with which the nations are equipping themselves."

"Our purpose in concluding this arrangement," said the Minister, "was to arrest the serious decline in our exports to that country and to expand our markets, so far as quantity was concerned, to the point they had been before. The decline had been tremendous, and because of certain restrictions the German Government was imposing on German importers of Canadian goods, was receding almost to the vanishing point. In 1929, Canada exported \$72,000,000 of goods to Germany, and in 1935 this had shrunk to less than \$5,000,000. Our imports from Germany in 1929 were \$22,000,000, and by 1935 they had declined only to \$10,000,000, so that while we had in 1929 a favorable balance against Germany of over \$50,000,000 there was in 1935 a balance against us."

Canada had in previous times sold to Germany as much as 40,000,000 bushels of wheat in a year, while in 1935 these exports of wheat had dropped to 316,000 bushels. The temporary trade agreements, said the Minister, provided for the exchange of most-favored-nation treatment, although Germany obviously would not be entitled to the British preferential rates of duty. There was in connection with the pact a payments agreement which, Mr. Euler said, was far different from a clearing agreement.

### PAYMENTS AGREEMENT.

By this payments agreement, the Minister explained, Germany undertook to provide as much exchange, cash dollar exchange, for the purchase of Canadian goods as Canada buys from Germany.

The second feature of the payments agreement is that of the exchange so described, that is the full amount of the sales to Canada by Germany. The latter country agrees to buy in certain definite proportions or percentages certain commodities for which Germany is peculiarly a market. Those commodities comprise 63 per cent. of the total exchange which Germany shall provide and which must be equal to the full 100 per cent. of all the imports Canada receives from that country. As Canada's

imports of German goods increase, said Mr. Euler, Germany must provide the full 100 per cent. of exchange for the sale of Canadian goods to her.

The payments agreement provides that by the 15th of each month Germany shall provide foreign exchange to the extent of Canadian purchases of the previous month. The Minister admitted there had been delay, but Germany had now established the exchange called for by the agreement. When Mr. Bennett questioned Germany's ability to continue to provide this exchange Mr. Euler thought the Conservative leader was reflecting upon Germany's good faith.

"You can leave out the question of good faith," replied Mr. Bennett. "I have no reasonable doubt as to her ability in this matter," said Mr. Euler.

"The agreement apparently contemplates that possibility," was Mr. Bennett's comment.

The Minister then reminded the House there was an "escape" clause in the pact which enabled either country to get out of its obligations if and when the complainant had not been satisfied. He also pointed out that as one result of the pact \$277,000 of Nova Scotia apples had been sold to Germany, ten times as much as was sold in previous years.

"Thousands of people," protested Mr. Factor at the opening of debate on the bill to approve the pact. "Jew and Christian alike, recoil from contact with a government that burns books and maintains concentration camps and tortures people who believe in the right to think for themselves. I hope honorable members will understand and sympathize with the feelings of thousands of people baited and hounded by the present German administration, and who shrink from the touch of any commodities bearing the stamp of German Nazi production. In Canada and other parts of the civilized world there are countless people who refuse to purchase German Nazi-made goods."

Considerable debate followed Mr.

Gardiner's motion for second reading of his bill to provide federal help to three prairie provinces in financing the cost of seed and seeding operations for the 1937 crop year. The Dominion is pledging its credit up to \$9,000,000 for this present year. In the year 1934-35 the Dominion provided \$6,000,000 outright, while the mortgage companies and the banks supplied \$2,030,000 worth of seed without any guarantee from the federal Government.

Replying to M. J. Coldwell the Minister said it was probable that because of higher prices for wheat the western farmers would this year want to sow more acres to this grain, and would, therefore, want more seed. The fact that the price of wheat had risen, Mr. Gardiner added, should improve the security of many people in Saskatchewan to the point where it might be expected the banks and mortgage companies might take care of seed in connection with lands. The bill was approved tonight after further debate.

Early this evening the House after a short debate gave third reading to a bill of Hon. J. L. Ilsley, Minister of National Revenue, to implement an undertaking given to Germany in the trade pact which was approved this morning. It was explained by the Minister that ordinarily the duty imposed by Canada was calculated on the home market value of the goods, and if the goods were purchased at less than home market value the special or dumping duty applied. The German free mark or gold mark was so greatly appreciated in terms of Canadian currency, Mr. Ilsley added, that imports from Germany would virtually cease if importers in Canada were actually remitting 40.18 cents per mark. Power was taken, he said, to value the reichsmark, the value for duty purposes and dump-free mark, at less than its current ing duty purposes.