

Gay.  
6/12/38

## U.K.-U.S. Trade Pact Held Bad for Empire

Cannock, Staffordshire, England, December 5.—(C.P.-Havas.)—Charging that the development of Empire trade was being “whittled away” by the new Anglo-American economic pact, Lord Lloyd, president of the Navy League, tonight declared the accord was “a sign our leaders are going back on the Empire trade policy.”

Friendship with the United States should be a keystone of British policy, he said in a speech here, but added: “It is not as if we are trying to remedy a balance of trade adverse to the United States. We bought from America much more than they bought from us. The only moral I should like you to remember is the grave danger of having a vast empire and not taking the trouble and making the sacrifices necessary in order to be strong enough to keep it.”

# EMPIRE TRADE LINK LOOSENING BY U.K.-U.S. PACT

## Compensation Planned to Dom- inions for Loss of Preferences

### BOUND MARGINS MAY GO

#### B.C. and N.S. Products Most Affected; Quebec Lumber Involved

By F. C. MEARS.

(Gazette Resident Correspondent.)

Ottawa, July 25.—Unofficial assurance from London that Canada would be amply compensated in the new agreement with the United States for any losses that might follow Britain's concessions to natural products of the United States is further confirmation of reports that Canada with other Dominions would be called upon to release Britain from certain bound preferences to facilitate the Anglo-American treaty.

Because the United States wants easier access to the British market for lumber, salmon, apples and pears, particularly, Canada is expected, though it will not be asked by Britain, to release the United Kingdom from the bound margins on these products. Even though this Dominion may be assured of ample compensation, such a weakening of the preferential ring is bound to cause serious political trouble for the King Government, and it is no secret that some of the supporters of that administration are apprehensive.

British Columbia has developed such a large and lucrative trade with Britain in lumber, and Nova Scotia, while it has widened its European market for apples, is still so largely dependent on the United Kingdom for a ready market, that the extreme eastern and western provinces will require an abundance of compensation in the new deal with the United States.

Quebec and New Brunswick have sold a considerable quantity of lumber to the United States under the 1935 pact, but it would require a very substantial cut in the present American duty against certain kinds of B.C. forest products to even the account.

Preservation of the Imperial preference system will be a central issue when the new trade agreement with the United States is submitted to the Canadian Parliament before the end of the present year. Australia has made it known it does not want to be prevented from making deals with foreign countries, but this is not interpreted as a willingness to imperil the preferential system.

Britain's proposed deal with the United States, Canada's new agreement and the attempt of Australia to make a separate pact with the United States, all profoundly involve the continued existence of the British preference, but there are evidences that Washington is not prepared to pay a high price for entry into that circle.

### Negotiations Hit Snag

London, July 25—(P)—Canada will, it is expected here, receive a United States market compensation for any variation as a result of the projected Anglo-American trade treaty in fixed preference margins on raw materials she now enjoys in the British market.

These fixed preferences are a feature of the Anglo-Canadian agreement of February, 1937. They cover a line of export goods which the United States wants to share. But as the Anglo-Canadian agreement can only be varied by consent of both parties. Washington negotiations for an Anglo-American agreement tend towards a three-cornered understanding.

The Associated Press said official quarters disclosed the negotiations for a trade treaty between the United Kingdom and the United States had struck a snag which necessitated hurried British consultations with other powers and some of the Dominions.

The Associated Press quoted the sources as saying the differences did not threaten a breakdown in the treaty talks, but the points at issue were not disclosed.



# Three-Way Treaties Advancing Steadily; Hitches Are Denied

Sask. Election Cited as  
Real Reason for Delay  
in Presenting Budget

## FACTS WITHIN MONTH

From Our Own Correspondent

OTTAWA—Contrary to widely circulated rumors The Financial Post understands that there have been no serious hitches in trade treaty negotiations under way at Washington since early spring. Work on the three-way agreements involving the United States, Canada and Great Britain, it is understood, has been proceeding as anticipated.

Negotiations will probably be concluded in about a month's time or not more than a couple of weeks later than was first expected. The three agreements, it is believed, will be announced simultaneously.

The impending trade agreements are considered far the most ambitious attempted by any modern group of powers. Not only are the three principals named involved, but also, because of the Ottawa Agreements, all the Dominions and the colonies. As a result practically every move being made at Washington has had to be referred back to the distant Dominions.

Two typical cases would be raisins and corn. On both products it is common knowledge that United States desires to regain at least a portion of the old important export to Canada. Following the Ottawa Agreements the bulk of the raisins used in this country have come from Australia and, when available, most of our corn imports from South Africa. Before Canada can permit any reduction in present tariffs it is necessary to get consent from Australia and South Africa.

Probably in exchange for a lower tariff into Canada, United States might be willing to lower its duty on Australian wool and on some other product in which South Africa is especially interested. Such steps may be taken formally in agreements later to be negotiated between Washington, Canberra and Capetown, but in the meantime informal promises will have to be accepted or some triangular arrangement made through the United Kingdom. In any case negotiations of this kind are complicated and take time.

### Many U. S. Concessions

On fish, lumber, base metals, cattle, dairy products and other major items in which Canada is interested in securing more favorable United States tariff treatment, The Financial Post understands that there has been little trouble. Rather the difficulty has hinged around compensating concessions on our part and particularly on items on which this country has given bound preferences to the other Dominions.

There have, it is believed, been certain timely complications, unforeseen when negotiations first started. Chief of these would be the current United States depression and the drastic decline in certain prices since the agreements were mooted. It would not be possible to let every temporary price fluctuation interfere in trade parleys or no agreement could be concluded, but the change in the U.S. general business picture has undoubtedly increased the pressure of certain American interests against any tariff change. Criticism is now developing in Great Britain where some alarm has been expressed over falling exports.

The fact that Congress is still in session is believed also to have embarrassed American negotiations. Much has been heard in Congress about the dangers of lowering the trade bars at this juncture.

### Discounted by Hull

This criticism is known to be discounted by Secretary Cordell Hull and his subordinates. They claim that actually there is bound to be less business disturbance when tariffs are adjusted during a period of slackness and low prices because then even a small tariff is usually prohibitive. This view, however, is not generally appreciated and as a result the present business depression in United States has produced the worst possible psychological reception for the negotiations.

It is generally agreed that the American depression and a similar though more moderate trend in Canada and United Kingdom will un-

doubtedly minimize the immediate effects of the trade agreements. Sweeping progress, it is believed, will be made in breaking down tariff barriers, but full benefit will not be obtained without an independent improvement in business itself.

Although apparent for weeks that there was no chance of negotiations being concluded in time to combine the announcement with a May budget, delay at Washington has been the official reason for postponing the budget.

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The Saskatchewan provincial election on June 8 is cited in some quarters as the real reason.

It is general knowledge that the Dominion Government is sharply divided in its tariff sympathies. Many western Liberals, headed by Hon. J. G. Gardiner, National Minister of Agriculture, have been outspoken for lower duties, particularly on farm implements, automobiles and textiles. More has been heard of this sort of thing in the Prairie Provinces than elsewhere and especially in the Saskatchewan campaign.

On the other hand there has been nothing remotely approaching tariff reduction promises from the conservative wing of the Government as represented by the Prime Minister and Finance Minister Dunning. So long, however, as there is no budget announcement before the election in Saskatchewan there is no open split in the federal ranks, no embarrassment for the Liberal spokesman in the provincial field.

Because the budget has not been brought down and is now not expected before the Saskatchewan election, it is taken for granted that there will be little ammunition in it for the hard-pressed Liberal forces of Messrs. Patterson and Gardiner. What tariff changes Mr. Dunning will announce will probably follow conservative lines, possibly some suggestion of reduction on farm implements by reducing the rate on cream separators, the only item in that line above the general 7½% level.

## P.Q. Issue Successful

Earlier expectations that the Province of Quebec loan, offered yesterday on the New York market, would be a distinct success were amply realized in the actual result, as the syndicate was able to announce the rapid oversubscription of the issue and the price went to a premium in the early trading. At the close the new  $3\frac{1}{4}$ 's of '53 were quoted at  $100\frac{5}{8}$  bid, against an offering price of 100. In view of the fact that, according to the prospectus, proceeds of this issue are to be used only "to reimburse the consolidated revenue fund of Quebec for past expenditures incurred mainly for road construction, unemployment relief, colonization and public works," there now arises the question as to what the Province plans to do in respect to the \$10,000,000 maturity in 3 per cent. bonds on September 1. The assumption is that the provincial authorities will recognize the inexpediency of returning to the market in this connection, and that the maturity will be taken care by a temporary banking accommodation.

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# TRADE AGREEMENT

## SCOPE NARROWED

Star 4/5/38  
Anglo-American Pact  
Hampered By Antagonism To British Goods

### PROGRESS SLUGGISH

LONDON, May 21—(U.P.)—The projected trade agreement between the United States and Britain appeared last night to be doomed to a much narrower scope than originally was visualized.

British anticipation of important tariff concessions by the United States has been dulled by the American recession.

The major obstacle to a far-reaching commercial pact, according to British opinion, has been met among the New England and Southern textile industries, where the business slump has provoked sharp opposition to opening United States markets to Lancashire's cotton goods.

Home of one of Britain's least prosperous industries, Lancashire has been a principal supporter of the effort to come to terms with Washington. The factories converging on Manchester have aspired particularly to lower American duties for their best quality cotton manufacturers made at Lancashire from Egyptian cotton. U.S. textile producers now have succeeded in quashing this British hope.

The value of British exports of cotton piece goods to the United States in 1929 totalled £2,200,000, compared to £700,000 in 1937 and Lancashire industrialists hoped at least to recoup this loss.

In the same years British wool textile exports to the United States have dropped from £3,900,000 to £1,800,000 while cotton yarn fell from £600,000 to £300,000.

### SLUGGISH COURSE

After President Roosevelt's White House conference of Wednesday with Secretary of Agriculture Wallace and Francis B. Sayre, assistant secretary of state, it was believed here that Anglo-American relations would pursue a sluggish course and make no appreciable progress, at least until Congress recesses.

This circumspection, it was believed, would be due to a desire to avoid giving Congress opportunity to take action which might further tie the Administration's hands in reaching an accord with Britain.

American refusal to meet British desires on cotton goods, which was a hard blow to advocates of a broad, deep trade agreement, was of the greatest importance because it involves a commodity to which Britain attaches a high value. But further pronounced discouragement was felt here because of American disinclination or inability to revise downward the Hawley-Smoot Tariff for the benefit of other United Kingdom and Dominion products.

In zeal for some sort of agreement one waggish high United States official is said to have remarked: "We must sign a trade accord with Britain even if it involves only rhubarb."

However figuratively meant, the idea of "rhubarb across the sea" seems to Britons a slender link between the two English-speaking empires.

According to a pamphlet of the Royal Institute of International Affairs imports from the United Kingdom of 60 dutiable commodities, of which it has been a principal supplier to the United States, have fallen since 1928 by an average of 73.5 per cent. That a substantial part of this setback may be recovered is now a vanishing British hope.

It has finally been learned that Australia will play an extremely minor role in the proposed pact. It was surmised that American reluctance to reduce what Britons consider a crushing tariff on wool apparently has cast Australia for the role of almost silent partner in the forthcoming agreement.



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MONTREAL, FRIDAY, FEBRUARY 25.

*The great successes of the world have been affairs of a second, a third, nay—a fiftieth trial.*  
—John Morley.

## CANADA, THE U.K. AND U.S.

The Minister of Trade and Commerce has repeated the Government assurance that in the negotiation of a new trade agreement with the United States there is no reason to fear that Canadian industry will be ruined. It would be, of course, more helpful if Mr. Euler had said that industry in Canada will not be harmed. A great deal of damage can be done and many people can be thrown out of employment without the absolute ruination of industry. However, Mr. Euler seems to be fully aware of the importance of the Dominion's external trade as the foundation of domestic prosperity. Between 15 and 20 per cent. of the Dominion's productivity, he says, depends upon foreign markets. The proportion is probably larger but whether that be so or not it fails to express fully the range of domestic business activity which lies back of these percentages. Mr. Euler says that the Government is proceeding upon the principle that a freer exchange of those goods most freely produced by each country concerned is to the advantage of both. Unfortunately, the successful application of this principle involves serious difficulty by reason of the fact that both countries are large producers of similar products.

It is generally assumed that this new agreement with the United States is intended to compensate the Dominion for such sacrifice as this country is obliged to make in a revision of the Canada-United Kingdom agreement in order that Great Britain may effect a reciprocal trade agreement with the United States. The Ottawa-Washington and the London-Washington negotiations appear to be proceeding concurrently, a condition of things which may or may not be in the best interests of Canada. No one can say what the actual outcome of the London-Washington negotiations will be, and without some reasonably precise knowledge of that outcome it is obviously difficult for Canada to determine the proper scope of revision in respect to this country's agreement with the United States. A British trade delegation consisting of nine experts has arrived in the United States for the purpose of negotiation, and its chairman, Mr. Arnold E. Overton, Second Permanent Secretary of the British Board of Trade, has said that while the problem is a difficult one he is confident of reaching an equitable agreement. In the meantime, strong opposition to the proposed agreement with Great Britain is developing, largely in New England, and there is what Secretary Hull describes as "a veritable barrage of sinister propaganda... designed to wreck the most important policy which our country can pursue to promote its economic well-being and peace." The general basis of the suggested agreement with Great Britain is an exchange of American primary products for British manufactured commodities, and one of the complaints made is that United States industry, already troubled with a severe domestic recession, is in no position to face increased competition at the hands of British industry.

Secretary Hull's principal problem will be that of placating the alarmed industrialists of his own country and even a measurable success in this regard may not insure the ultimate acceptance of his agreement. Realizing this, he and his assistants are making a determined effort to consolidate support among American agriculturists. The Secretary of Commerce has published a survey of Anglo-American trade over a period of years and in this survey the value of the British market as an outlet for American farm products is emphasized. Approximately one-half of United States exported edible animal products went to the United King-

United States manufacturers "may be able to offset losses they incur because of the increased entry of British goods into this market through additional tariff concessions that they can obtain in the new Canadian treaty." Naturally, with this consideration in mind, the Journal of Commerce sees an advantage in the concurrent negotiations, and, to the extent in which this is a correct American view, the Canadian manufacturer stands to lose.



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# ANGLO-U.S. TREATY FACES IMPAIRMENT

European Events Likely To  
Be Of Little Help  
At Washington

## OTTAWA HOPEFUL

Enlarged Agreement With  
Canada Expected By  
Officials

OTTAWA, Feb. 25—(Star Special by Staff Correspondent)—Effects which may be indirect and intangible but little helpful to the Anglo-American trade pact, or the revised trade agreement between Canada and the United States, are foreseen in some quarters from the developments in Europe this week. The British Government's plans for "appeasement" are thoroughly understood and appreciated here, but it is already indicated in Congress that the reaction there is not so good.

Nevertheless, the belief at Ottawa is that agreements will be reached between Great Britain and the United States and on larger lines between Canada and the United States.

## RECESS MAY BE LONG

It is being noised about that the Easter adjournment of Parliament this year will extend from April 13 to May 4, with the plan that soon after resumption, the budget, including the new trade agreements, will be presented. There is also the idea that Premier King and Hon. C. A. Dunning, Minister of Finance, may go to Washington to sign up whatever is to be signed. For this, obviously no definite plan can be made until it is known what comes of the negotiations.

British representatives are in Washington already for the reason that their "schedule" is three weeks ahead of that of Canada. But Canadian negotiators will be present at probably the end of March to keep an eye on public hearings fixed for April 4 and expected to last for ten days.

After that the bargaining will begin. The negotiations are described as most intensively interlocked in three ways—the modification by Canada of the Ottawa agreements with Great Britain will depend on what compensating concessions will be made by the United States. In turn, this will be influenced by what Great Britain outside of the Ottawa agreement is prepared to do for American trade and what the United States is ready to concede similarly on reciprocal lines.

While the disposition at Washington is reported to be very hopeful of agreement, it is known that United States authorities are scrupulous against taking definite steps in advance of the public hearings and the attitudes they may disclose.

# U.K. TRADE ENVOYS REACH NEW YORK

## Leave For Washington To Start Treaty Negotia- tions With U.S.

NEW YORK, Feb. 21 — (A.P.)— A group of nine British experts, headed by Arnold E. Overton, second permanent secretary of the British Board of Trade, arrived on the liner Queen Mary today to negotiate a trade treaty between the United States and Great Britain.

"I need not stress the importance of this task," said Overton. "The discussions involve not only the United Kingdom and the United States relations, one of the largest and most diverse relationships in the world, but also trade between the United States on the one hand and that of Newfoundland and other members of the British Colonial Empire.

"It is bound to be a difficult problem, but we are confident that the meetings will be held in an atmosphere of good will. We look forward to reaching an equitable agreement, fair to both countries, which will increase prosperity between our two countries and the world in general."

Other members of the delegation, which left at once for Washington, were F. Grant, N. E. Archer, J. A. Stirling, G. L. Watkinson, W. E. Rhydderch, J. C. Forrester, T. H. Hammond and Miss H. V. Lupton.

## U. S. Moratorium Asked on Trade Agreements

WASHINGTON, Feb. 21— (U.P.) — Representative Bates (Rep.-Mass.) called upon the Government today to "declare a moratorium on all trade agreement negotiations until we find employment for millions of men and women seeking jobs."

Protesting against any possible tariff reductions on articles manufactured in Massachusetts in the proposed reciprocal agreements with the United Kingdom and Canada, Bates said that the woollen and worsted, cotton cloth, shoe and leather, and hat industries "already have felt the brunt of foreign competition."

# EMPIRE FRUIT TRADE ENDANGERED BY U.S.

## Trade Treaty Change May Ruin Stability

Special Cable by J. E. Poole,  
The Star's Resident Correspondent.

LONDON, Feb. 9—The danger that alterations in the U. K. - U. S. trade treaties may adversely affect Imperial fruit growers and dealers was brought to the attention of the President of the Board of Trade, Right Hon. Oliver Stanley, yesterday.

A deputation from the Empire Fruit Council, which is representative of dealers in Britain and all the Dominions, told Mr. Oliver and officials of the Board that tariff concessions to the United States would upset the Empire-wide system of regulating the timing of shipments to Britain unless America is willing to accept the system too.

The deputation emphasized that the Americans view Britain merely as a surplus market, and should not be allowed to obtain a position here where they could cause instability of prices.

*Handwritten in red ink:* *Wan*

*Handwritten in red ink:* *9/2/28*



# New Anglo-American Trade Negotiations Do Not Mean Scuppering of Preferences

LONDON, Jan. 29—(From J. E. Poole, Resident Correspondent)

—With formal negotiations for an Anglo-American trade agreement about to begin and the preliminary investigations and contacts completed, an important change in temper is observable in British industrial quarters, which were at first inclined to adopt a definitely hostile attitude.

In every industrial quarter today it is admitted that such an arrangement, provided sacrifices and benefits are fairly balanced and the principle of Imperial Preference is maintained, would go far towards aiding world economic and industrial stabilization.

Overseas observers who may be nervous lest Great Britain may prove too ready to emasculate the Preference system in order to secure a trade agreement should take heart from public statements by Ministers and permanent officials on that subject. Discussing this matter recently, the Rt. Hon. Malcolm MacDonald declared:

"I can assure you that at every stage of the discussions we shall keep in close touch with the Dominions and other parts of the Empire concerned, and that there is no question of the abandonment of the principle or the practice of Imperial Preference."

Then, again, Captain the Rt. Hon. Euan Wallace, parliamentary Secretary to the Board of Trade in the course of an address to the Canadian Chamber of Commerce declared:

"These negotiations with the United States do not mean the abandonment of the policy of Imperial Preference which is an essential and integral part of the policy of Great Britain and the Dominions."

## PRIOR TO ALTERATIONS

In fact, in almost every public speech by Ministers or leading figures in the industrial world this note is paramount when the Anglo-American trade negotiations enter the field of discussion.

This does not mean, however, that every phase of the negotiations will not be exposed to the sharpest scrutiny on this side of the Atlantic as will be the case in the Dominions and in Canada in particular. Indeed, the powerful Federation of British Industries and the Association of British Chambers of Commerce have each presented a powerful plea to the President of the Board of Trade, the British equivalent of the Canadian Minister of Trade and Commerce, urging that British industry and commerce be placed in exactly the same position as American industry and commerce and

be given full information of any proposed reductions of the British tariff on American imports and have the opportunity either as individual industries or through the medium of some such body as the Import Duties Advisory Committee, so that industry and commerce here may be placed in a position to make a full investigation as to the effect of the proposed changes upon the various sections which may be concerned and to enable them to present their case for consideration before any alterations reach what becomes a vital stage in negotiations.

Of the value of Imperial Preference as between Canada and Great Britain, Sir Geoffrey Clarke, C.S.I., O.B.E., declared at a Canadian gathering that the momentum between 1936 and 1937 was little short of amazing, for while in the former year the money value of Anglo-Canadian trade reached £75,000,000—with the exception of Anglo-American trade, the greatest between Britain and any foreign country—it would by the end of the present year attain at least £90,000,000, and with this he coupled the statement that while in the past there had been some criticism of Canadian treatment and of dumping in the British market by a few Canadian industries, industrialists as a whole were now satisfied, realizing that the proportion of imports as between a nation of 45,000,000 consumers and one of a bare 11,000,000 was a fair one. It would have been well could trade pessimists in Canada have heard what the two trade experts had to say in condemnation of what they termed the "slump psychologists" and Stock Exchange fear-mongers as contrasted with the actual facts of the industrial outlook here. Both declared there was not the slightest excuse for the slump talk prevalent in a few quarters, and Reginald McKenna, the financier, in a speech this week went even further and said that such talk was almost a crime, pointing out, incidentally, that those who dwell so mournfully upon the possibility of a recession following upon the completion of Great Britain's rearmament program, forgot, ignored, or failed to realize that the expenditure and rearmament was a minor factor in comparison with the country's trade total.

## TARIFFS THERE TO STAY

Captain Wallace in the course of the address referred to previously made the significant statement that the tariff was now stabilized and, he might almost insist, a permanent thing in the policy of this country.

The National Union of Manufac-

turers in reply to a request from the Board of Trade for their view on an Anglo-American trade agreement, welcomed the idea of such an agreement, provided it means equal privileges without injury to Imperial Preference, but delivered a mild warning against undue haste or the linking up of what should be a purely business arrangement with the idea of its political effect upon the two democracies. Among the problems which they urge should be kept in mind by the British negotiators are,

1—Any concession which the United States may grant Britain in return for concessions Britain makes will, under the most-favored-nation clause be extended automatically to other countries which give us nothing.

2—American interests, under American procedure, have early information of any proposed concessions which affect them, and will have opportunity of expressing their views.

3—It would be a great relief to all business men throughout the country if they knew that some leading business men with experience of important international trade arrangements had been selected by the Government to assist the Government representatives in the negotiations.

One of the most vital weaknesses of every trade treaty with the United States, which I have not seen referred to here, either by Ministerial speakers, industrialists or theorists, is the fact that the expectation of life of every such arrangement with the United States is limited almost wholly by the complexion of the Administration succeeding the Government which makes the treaty—Canada has had sufficient experience of this to realize how difficult this question may become before a worth while Anglo-American trade treaty is possible.

The practice in Great Britain is so different—Oppositions assuming the reins of government almost invariably maintaining all such arrangements with foreign countries for the term of years agreed upon in the treaty instrument that I fear that the British negotiators may, unless "they are put wise" overlook this point.

An Empire Economic Union booklet urges the erection of an Imperial consultative and advisory body, urges that Great Britain and the Dominions act more in unison in trade negotiations with foreign countries and declares:

"The Most-Favored-Nation clause in our treaties should be de-

nounced, and replaced by a more conditional form."

## ANGLO-U.S. TRADE

The British Committee of the International Chamber of Commerce welcomes the possibility of an Anglo-American trade treaty holding that co-operation between the United States and the British Empire is of great and urgent importance.

The Association of British Chambers of Commerce argues that in view of the large balance of trade in favor of the United States, such tariff reductions granted by the United States should have some relation to this balance—Britain buys from three to four times as much from the U.S., as the latter takes from Britain, — and they also urge that British concessions to the U.S., should be closely examined by British interests before the British Government is committed.

The Federation of British Industries also urges that British interests be given opportunity to state their case.

An important and possibly difficult matter is the position of agriculture with respect to the forthcoming negotiations. In this the Central Chamber of Agriculture at a recent meeting passed a resolution insisting that there must be consultation with the industry before any concessions detrimental to British agriculture were embodied in any trade treaty with the United States, and the resolution was carried unanimously.

This bodes trouble for the British negotiators since agriculture here looks upon itself as an abused and neglected stepchild of the Government, despite large number of boards set up to assist it and the numerous subsidies which it receives from the taxpayers' pockets.

The leaders of agriculture in Britain are among the most vocal men in the country and they are likely to prove a thorn in the flesh of the negotiators if the farmers think that American produce is likely to cut too deeply into their markets.

Nevertheless, I believe that the Government is determined to use its powers of negotiation to the full to bring about a satisfactory Anglo-American arrangement and will undoubtedly expect British industry, commerce, and agriculture, to share in any reasonable sacrifices necessary, especially in view of the attitude newly announced of the various Dominions, themselves vitally concerned in outlets for agricultural and other natural resources.



27/1/38

THE GAZETTE

# CANADIAN GROWERS FIGHT TARIFF CUTS

## Ontario, B.C., Nova Scotia Plan Joint Protest on U.S. Concessions

Ottawa, January 26.—(P)—British Columbia and Nova Scotia apple growers and Ontario's vegetable growing industry are threatened by changes now being negotiated in the Canada-United Kingdom and the Canada-United States trade treaties, the Canadian Horticultural Council was told today.

M. V. McGuire, Vernon, B.C., Craig Caldwell, Kentville, N.S., and E. J. Atkin, Leamington, Ont., expressed fear over possible tariff changes and Caldwell was named chairman of a committee to combine the many tariff resolutions before the council and present a single one tomorrow.

Caldwell said loss of much of the preference on apples in the United Kingdom market would ruin the British Columbia industry as 50 per cent. of its product was exported there. Caldwell said 90 per cent. of Nova Scotia's apples were exported and whole communities would be ruined by loss of, or major reduction of, the British preference.

Atkin said the vegetable growing industry had suffered most in the Canada-United States trade treaty and less protection now, either through tariff reductions or elimination of "added value" clauses or dumping duties in the treaty, would mean the vegetable industry in south-western Ontario "would be wiped out."

A resolution from the British Columbia Fruit Growers' Association asked that "the secrecy attending negotiations (concerning the United Kingdom trade treaty) be lifted sufficiently, if possible, to know the extent to which it is affected and that opportunity be given for full representation to a properly - constituted government committee."

Another resolution from the British Columbia growers asked the Government be petitioned against the removal of tariffs and dumping duties on fruit and vegetable imports from the United States.

George Mitchell, Thornbury, Ont., said the whole character of the Georgian Bay farming region had been changed by the United Kingdom trade treaty. Hundred-acre orchards, planted on the strength of the British apple preference, were common.

"We'll have 150,000 barrels of apples this year," said Mitchell. "New orchards are just coming into production. What will we do with them all if we lose this preference? Plantings would not have been so extensive had we not been assured the preference in Britain was to be maintained?"

## FOR THE TRADE TREATY

**B**ANK presidents are not always very specific in their recommendations when addressing the world at their annual meetings. But J. A. McLeod, president of the Bank of Nova Scotia, in his speech at Halifax this morning, plumped for a specific thing, for the conclusion of an Anglo-American trade treaty.

He followed the arguments of important financial and economic authorities in both countries. In an effort to unchoke the channels of world trade the initiative lies chiefly with the two great creditor nations, Great Britain and the United States. Each, on its own account, has been doing what it can. England has arrangements with members of the sterling bloc. The United States has developed its system of reciprocal agreements on its side. Consequently, an agreement between the two nations would help greatly to lower the barriers against trade all over the world. The price, Mr. McLeod points out, is willing concessions from both sides, and from the Dominions, including Canada. And the prosperity of this Dominion depends to an overwhelming extent on its external trade.

Improvement in Canadian business during 1937 was reflected in the rise in current loans shown by the Bank of Nova Scotia. H. F. Patterson, the general manager, pointed out that the rise of \$5,653,000 meant the bank had had to add under four million dollars to its security holdings during the year, in spite of increased deposits and sharply lower call loans. The result came in increased profits.

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# Stanley Insists Anglo-U.S. Pact Is Not Political But Commercial

By FERDINAND KUHN, JR.

(Wireless to The New York Times and The Gazette.)

London, January 24.—The Hon. Oliver Stanley, President of the Board of Trade, insisted in a speech at Liverpool today that the coming Anglo-American trade agreement was not political but mainly commercial in motive.

Describing the impending discussions at Washington as "the most important stage of the most important negotiations for the most important trade treaty which this Government in its seven years of office has undertaken" Stanley tried to answer criticisms from industrialists here, and also by inference to allay fears in the United States of political entanglement.

"I'm criticized in some quarters," said Stanley, "because I'm told it is not going to be a trade agreement, but that it is a political agreement to which the industries of this country are to be sacrificed. That is complete nonsense.

"I do not deny for one minute

that any friendly intercourse with the United States or any sign to the world of any common interest and friendliness between the United States and ourselves is bound to have the highest political importance. But this is a trade treaty. These negotiations are entered into on both sides because we both believe we can, in a commercial treaty, contribute to the commercial prosperity of our two countries and the world in general."

Stanley admitted that there were many difficulties in the way, but predicted the negotiations at Washington would succeed. British delegates, he asserted, could "bring back a trade treaty which will stand on its own legs and bring increased benefits to this country and the United States—a treaty which will lead to a greater flow of trade between us, and be an example which may do something to lower restrictions throughout the world in general."

# OTTAWA AWAITING TRADE PACT ACTION

## Notice of "Intention" May Come From Washington This Week

OTTAWA, Jan. 24—(Star Special by Staff Correspondent.)—The Dominion Government is waiting to hear from Washington about the new trade treaty. Announcement, formally, of the "intention" to negotiate a new agreement will be accompanied by a list of the things upon which tariff changes will be considered.

This has been a long time coming. It is now expected definitely this week, probably on Wednesday or Thursday, in which event it will synchronize with the opening of Parliament.

Following the formal proclamation of an agreement being "contemplated" the notice of "intention" had been expected before Christmas. It failed to come then and is yet to materialize, but no doubt it is impending. Many difficulties, it is said, are in the way, mainly the involved processes which in the United States precede such announcements. Most meticulous preparation is called for.

Formal negotiations will be reached after delays prescribed for written submissions and for oral representations by interested parties.

Hearings of this character relating to the proposed Anglo-American pact are to occur about the middle of March. Those in regard to Canada will come later, probably in April, and will be conducted in Washington.

## U.K.-U.S. Political Pact Rumor Called Nonsense

LIVERPOOL, Jan. 24 — (C.P.-Havas)—Commercial interests will not be subordinated to political considerations in the impending negotiations in Washington for an Anglo-American trade treaty, Rt. Hon. Oliver Stanley, president of the Board of Trade, promised in a speech here today.

While admitting difficulties, Mr. Stanley predicted an agreement beneficial to both countries would be completed.

"In the next few weeks," the Minister said, "we are entering upon the most important stage of the most important negotiations for the most important trade treaty which the Government, in its seven years in office, has undertaken."

"I am criticized in some quarters because, I am told, this is not going to be a trade agreement, but a political agreement to which the industries of this country are to be sacrificed. That is complete nonsense."

"I do not deny for one minute that any friendly intercourse with the United States is bound to have the highest political importance, but this is a trade treaty."

"These negotiations are entered into by both sides because both believe we can, in a commercial treaty, contribute to the commercial prosperity of our two countries and the world in general."

"That is what our negotiators will think when they leave this country in a few days time for America. They will find many difficulties in the way, but I believe they will succeed, and I believe it is possible for them to bring back a treaty which will stand on its own legs, which will bring increased benefits to this country and the United States, which will lead to a greater flow of trade between us and will be an example which may do something to lower restrictions throughout the world in general."



# TEXTILES QUESTION NEW TRADE TREATY

## Manufacturers See Little Benefit for Canadians in U.S.-U.K. Pact

(Special to The Gazette.)

Toronto, January 11. — Reports that various branches of the textile industry in Canada such as woollens, silk hosiery and rayon fabrics will benefit by the projected United States-United Kingdom trade agreement is not taken seriously by the textile industry here.

Spokesmen of the textile industry in Canada who have examined the list of tariff items released by the Department of State, Washington, point out that although Canada will get any tariff rates that may be given to the United Kingdom, the manufacturers in Great Britain will get any business going because of their lower wage costs both for direct and indirect labor than are paid in Canada.

It is true, they point out, that woollen goods produced in Canada are superior and cheaper than in the United States, and that this is also true of some rayon fabrics and other textile products, but on the other hand British prices are still lower than Canadian mill prices due to the difference in wage levels between Canada and Great Britain.

Facing equal tariff rates the British manufacturers can substantially undersell the Canadian manufacturer.

A. V. Young, of Hamilton, chairman of the Primary Textiles Institute, commenting on press reports that various branches of the textile industry in Canada, including woollens, silk hosiery and rayon fabrics, will benefit by the projected United States-United Kingdom trade agreement said: "These reports are not taken seriously by the textile industry here and we cannot understand why such erroneous reports are being circulated.

"With British textile manufacturers," he continued, "continually increasing their sales in Canada in competition with Canadian manufacturers and United States textile manufacturers in the middle of a depression, with idle machinery and stocks they cannot sell in their home market, and which they are attempting to dump in Canada, the absurdity of reports of the trade agreement benefiting Canadian textile manufacturers is self evident."



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MONDAY, JANUARY 10, 1938

A NATION'S HEALTH  
— IS —  
A NATION'S WEALTH

### A TRADE TREATY WHOSE TROUBLES ARE JUST BEGINNING

IF the Anglo-American trade treaty ever gets born, it will be a miracle. Our American friends have certainly committed themselves to "doing it the hard way." Under the old system, a treaty of this sort was negotiated and then submitted to Congress for approval. That was the practice in 1911. The practical result was that only the interests which were definitely asked for sacrifices by the treaty were aroused against it. Other interests were out of the zone of direct fire, and might even hope to benefit by some of the provisions or by the general increase in trade.

Under the present system, the American Government publishes a list of articles which will be "considered" as possibilities for "concessions" in a treaty yet to be framed. This list is almost certain to be much broader than the list of articles finally included in the treaty, and it cannot possibly be narrower. The consequence must surely be that powerful interests will be stirred up to oppose any treaty at all on the ground that they "may" be hit, when if it were positively known that they would not be included in the treaty they might be at least quiescent.

\* \* \* \* \*

There is evidence already of trouble in the American Senate. This was bound to come from a number of sources. The proud Senators have probably always resented the change made when their treaty-ratifying powers were circumscribed by an act in 1934 which gave to the Administration power to negotiate certain trade treaties within fixed limits without requiring Senatorial ratification. But when this was done, the Senate and indeed the whole Congress had been sandbagged into docile submission to the Roosevelt policies. They swallowed anything sent down from the White House, often without time to so much as chew it.

Today, however, there is a new spirit in the Senate. They stood up to the omnipotent President over the Supreme Court case and beat him. Secretary Hull probably could not now get his blanket powers to negotiate trade treaties, if the thing had to be done over again. At any rate, the Senators are already demanding that any new trade treaties be submitted to Congress before being completed.

This point would probably not be urged if there were little or no public pressure behind it. The Senate would not make a fight if they did not think it would be popular. This is election year and they would not care to risk tarnishing their shining success of last year. But the Administration has just

so much noise; for under the British system a Government can make a treaty and put it into effect without awaiting either the sanction of Parliament or the approval of the interests most concerned.

\* \* \* \* \*

The trouble with the whole thing is that some of the negotiators in all the Capitals concerned—not excluding our own—regard it as a veiled political treaty. Even when they know themselves that it will have practically no political effect, they imagine that the "totalitarian" Powers in Europe understand conditions in our democratic communities so little that they will believe that it has. These misled negotiators of ours thus think that the Dictators can be fooled. The aforesaid Dictators know that a trade treaty in Europe would really have political effects; so they are expected to see a political rapprochement in an Anglo-American trade treaty.

But they are not likely to be so ignorant of our relations. A trade treaty with us, even while being negotiated, would be more apt to be like the schoolboy's definition of a bridge—"a span that divides the two banks of a river." If all democratic peoples can be got to see a little sense and join in a political "parallelism" under certain challenging circumstances, that would be a splendid thing, and we in Canada would be all for it. But why mix it up with a long wrangle over trade concessions?



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This point would probably not be urged if there were little or no public pressure behind it. The Senate would not make a fight if they did not think it would be popular. This is election year and they would not care to risk tarnishing their shining success of last year. But the Administration has just published what is likely to become now a list of automatic enemies to any Anglo-American Trade Treaty at all. They have summoned these dealers in a thousand articles to appear and show reason why they should not have an inch or two cut off the tops of their heads.

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Then there are those Senators who would dearly love another spectacular rebuff for Roosevelt. If he could be blocked again, if his Democratic supporters could again be split his prestige might be finally shattered. So we have all the ingredients of a very pretty fight. In Canada, we need not become unduly alarmed over our conceivable share in the "potlatch" until it has been accepted by the two principals, the United States and Great Britain.

In Great Britain, things are by no means all lovely. The Federation of British Industries is very much perturbed over the prospect. It fears that the commercial side of the business may be submerged by the political, and that—to quote the Financial News of London—"the British Government, in its intense political desire to regain Anglo-American co-operation, may agree to something which would require important concessions from British industry but which would bring no corresponding benefits." This opposition in Great Britain, however, will not make



*When a man mistrusts his resolution, it is good generalship to retire.—G. J. White Melville.*

### U.K.-U.S. NEGOTIATIONS.

Apart from publication of the list of commodities in regard to which the United States will consider granting concessions to Great Britain under a reciprocal trade agreement, Secretary Hull's announcement of Friday last contains very little that is new. That such a list would be issued was made known in the preliminary announcement of November 18 and it was stated then that traders and others interested in the commodities so listed were to be given opportunity to discuss them with the Committee for Reciprocity Information. The list given out by the State Department on Friday is sufficiently comprehensive to afford opportunities for negotiations upon a very broad plane, but it is to be noted that there is no undertaking to grant concessions on all or any of the commodities enumerated. A great many important lines of British manufacture and export are included in the list, but they constitute only a basis of discussion, and this applies equally to any supplementary listing. According to the official statement, "Some of the products listed may not be the subject of any concession under the terms of the agreement, and the import duties on those items which are included in the agreement, as finally negotiated, may or may not be changed."

It will be observed from this that, except as indicating the scope of negotiations, the mere publication of this list of British export products does not disclose the intention or disposition of the United States Government in any precise degree. Nevertheless, the length of the list has some significance. To what extent it will be preserved in the agreement which is to be negotiated will depend, naturally, upon the number and importance of the reciprocal concessions which the United Kingdom is prepared to give, or is able to give. The stability of the agreement will depend upon the latitude which is left to the United States in subsequently altering the import duties established under the agreement. It is scarcely to be expected that British representatives will consent to a one-sided latitude of this kind and will not retain an equal freedom of action in respect of import duties applicable to United States products. Any agreement negotiated upon this basis will not have in it the element of permanence which is usually considered essential as a trading foundation.

Neither Canada nor any other of the British Dominions is really being excluded from these pending negotiations. It is more correct to say that they have no part in them since they are in control of their own relationships and are completely independent in regard to them. There seems also to be a minimum of accuracy in the interpretation of Secretary Hull's trade policy as affecting the Ottawa agreements of 1932. That the British Empire by those agreements endeavors to enclose itself within a wall of Empire preferences as a means of attaining economic self-sufficiency is a suggestion singularly remote from the actual facts. So is the statement that the first breach in this wall was made by the United States in negotiating the existing reciprocity treaty with Canada. It was a cardinal principle of the Ottawa agreement that, while intra-Empire preferences were being granted, the channels of trade with non-Empire countries were being neither closed nor obstructed. That this principle was something more than an expression of policy was demonstrated in the Canada-United States agreement itself, which made no breach in the British preferential arrangement, but which enabled the United States and Canada to trade upon a broader and mutually more profitable basis without in any way interfering with the Dominion's commercial relationship with the United Kingdom. It was the boast of the King Government that in negotiating the reciprocity agreement with the United States all Canadian benefits under the Canada-United Kingdom agreement had been preserved. It has been stated repeatedly by members of the British Government that the negotiation of an agreement with the United States will not mean abandonment of the Empire preference principle. There ought to be no misunderstandings upon these points, whether in Washington or anywhere else, if the pending negotiations between the United States and Great Britain are to be conducted in an atmosphere most conducive to a successful issue.



# SENATE REVOLT LOOMS TO HALT ANGLO-U.S. PACT

## Both Political Parties in Effort to Block Treaty

### WANT 30 DAYS' NOTICE

## Demand Made That Congress Be Given Greater Voice in Agreements

### ANGLO-U.S. PACT SITUATION

WASHINGTON—Senators of both United States political parties united in demanding that Congress have more voice in treaties generally and the prospective pact with Britain in particular. Some of the concessions announced "for consideration" were denounced. Meanwhile the State Department exerted all its influence to popularize the pact and make its provisions and possible advantages familiar to the United States public.

LONDON—Agreement between the U.S. and the Dominions was held to be crux of the Anglo-U.S. treaty problem, in the current Bulletin of International Affairs. It was pointed out that the Dominions would be directly affected by any important concession Britain might make to the United States. Yesterday the Government announced that the British delegation of experts would sail for the United States February 1, to spend two months in preparatory work before formal negotiations open in April.

### Senators Balk at Treaty

Washington, January 9.—(P)—Senators of both major political parties today stood behind a demand that Congress be given a greater voice in formation of United States agreements, the next of which will be with the United Kingdom, its colonies, mandated territories and Newfoundland.

Twenty-four hours after the New Deal Administration had announced a long list of articles to be considered for concessions in the projected pact with the London Government, Senator O'Mahoney, Wyoming Democrat, proposed Saturday the passage of legislation to prevent any proclamation of a trade agreement from becoming effective until 30 days' notice of its terms had been given to Congress.

Senator Connally (D.-Texas) and Senator Bone (D.-Washington) suggested the legislation should go further and require submission of treaty terms to Congress before agreements were completed.

O'Mahoney added protest at inclusion of woollen goods in the list of commodities to be considered for negotiating the agreement with London. He said the wool industry even now was facing "disaster."

He had been given assurance by the State Department, the Senator continued, that concessions would not be made on any commodity if it would damage any field of agriculture. In this, the Department had kept "the letter" of its agreement.

Meantime, the State Department, headed by Cordell Hull, father of the New Deal reciprocal trade programme, issued a statement crediting a portion of the \$1,499,566,000 increase in the country's commerce in the first 11 months of 1937 to the reciprocal policy.

"There are definite indications that the trade agreements programme is helping to promote mutually beneficial trade between the United States and other countries," the Department said.

Observing that it was not possible to separate completely the factors contributing to the general increase, the Department added:

"It is significant not only that our exports have gained relatively more to the agreement countries as a group than to non-agreement countries, but also that imports of American products into the agreement countries have generally increased more than have imports of the products of other countries."

### TRADE INCREASE RESULTS.

Statistics made public by the Department showed the total two-way trade with the 14 nations with which agreements were in effect during all of 1936, rose from \$1,719,330,000 in the first 11 months of 1936 to \$2,262,517,000 in the same period of 1937, an increase of 31.5 per cent.

Trade with all other countries increased 35.5 per cent. during the same period — from \$2,784,278,000 to \$3,639,557,000.

Exports to trade agreement countries expanded from \$799,336,000 in the first 11 months of 1936 to \$1,140,337,000 for the same period of 1937, or 42.6 per cent., while those to all other countries increased from \$1,426,841,000 to \$1,886,645,000, or 32.2 per cent.

Imports from trade agreement countries amounted to \$919,994,000 in the 1936 period, compared with \$1,122,290,000, a rise of 22 per cent., while from all other countries the import increase was 39.4 per cent.



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#### Fate Depends on Dominions

London, January 9.—(C.P.-Havas) —Conclusion of an Anglo-American trade pact depends "primarily on agreement between the United States and the Dominions," since the latter will inevitably be affected by every important British concession to the United States, it is asserted in the current issue of the Bulletin of International Affairs, published here Saturday.

The Bulletin, fortnightly review of the Royal Institute of International Affairs, published an extensive article on Anglo-American trade relations. It pointed out that the trade volume between the United Kingdom and the United States

is greater than that between any other two nations except Canada and the United States.

Since the two nations both strongly espouse the most-favored-nation principle, all reciprocal tariff concessions will automatically be extended to most other countries, the article said. It was recognized, however, that the practical importance of this clause is considerably diminished—particularly as far as the United States is concerned—by the habit of limiting concessions to goods of which the second party to the agreement is the principal producer, and in which other countries are not greatly interested.

Despite this, the Bulletin stressed that the indirect benefits flowing from stimulation of commerce between the world's two greatest nations would be considerable.

In regard to the trade balance between Great Britain and the United States, the article pointed out that "although her merchandise balance with the United Kingdom and the British Colonial Empire is favorable to the United States, when invisible items are added the balance becomes definitely unfavorable to her."

Examination of the probable concessions which the United States would ask led to the conclusion that "any important British concessions must inevitably affect the Dominions."

"If the United Kingdom grants the United States concessions on— for instance—wheat, hams, timber and fruits, at the expense of the Dominions, the latter will expect in return concessions from the United States.

#### DUTY ON AUSTRALIAN WOOL.

"Australian wool exports to the United States have declined very considerably since 1929, owing to the extremely heavy American duties of over 90 per cent. ad valorem."

"Australia would like concessions on wool and fresh fruit—the Australian season not coinciding with the American—and on wines and spirits, and if possible entry into the American meat market. In return, she might remove her trade diversion measures, directed against American motor cars in particular."

"New Zealand's most important exports to the United States are sheepskins, wool and butter. Canada would want reduced duties on milk and cream in particular. Wood pulp and pulpwood were guaranteed free entry by the Canadian-American agreement of January 1, 1936, by which she also got some concessions on certain kinds of timber."

"Conclusion of an Anglo-American commercial treaty depends, therefore, primarily on agreement between the United States and the Dominions. The United Kingdom cannot increase her imports of agricultural products to any large extent, particularly now that she is committed to a policy of protecting home agriculture."

"For her the chief consequence of the treaty would therefore be diversion of certain of her imports from the Empire to American sources of supply. On the side of the Dominions there are signs that both the Canadian and Australian Governments are now strongly in favor of a treaty, partly because of its political implications but also because they have hopes that the Empire surplus of certain products might to some extent be absorbed by the American market."

"On the other hand, it cannot be ignored that there are strong sectional interests in both Canada and Australia—notably the timber and fruit industries in British Columbia—which are strongly opposed to

any modification of the British preferential tariff."

Senator O'Mahoney put his proposal for filing trade agreements with Congress 30 days prior to their effective date, in the form of an amendment to the Trade Treaty Act of 1934, under which agreements with Canada and 15 other countries have been signed.

"I am interested in the rights of Congress to know what is being done before it is done," he said.

Referring to the projected United Kingdom-United States pact, Republican Senator Bridges, of New Hampshire, asked O'Mahoney if he thought it "might make this country a dumping ground for British goods."

"The Senator from New Hampshire would like to think that, but I don't," O'Mahoney replied.

The Wyoming Senator went on to say he thought the Roosevelt Administration was seeking, in good faith, to develop the commercial activity of the whole world. However, it was no doubt in his mind that the trade agreements were in effect treaties, and he contended they should be subject to Senate ratification.

Two veteran Republicans—Senators Borah, of Idaho, and Johnson, of California—argued that the Senate should have the power to confirm or reject all trade treaties.

Another Republican, Senator Steiwer, of Oregon, said the State Department's list of goods to be considered in the coming negotiations with London officials was an "all-inclusive list." He doubted that it was a reasonable effort to inform persons producing the commodities which might be included in the actual agreement, merely to include them in an all-inclusive list.

Senator Borah then called for a "definite statement" of the commodities which would be subject to concessions in the negotiations.

The list issued by the State Department Friday contained more than 1,000 articles ranging from whisky and other alcoholic beverages to tooth-brush handles and party novelties. Persons interested in any of the commodities may file written briefs or appear before a special committee which will open public hearings here March 14.

An official British delegation of trade experts will come here early next month to begin discussions with American experts.

#### U.S. Seeks Pact Support

By HAROLD B. HINTON.

(Special to The New York Times and The Gazette.)

Washington, January 9.—Repercussions of the projected reciprocal trade agreement with the United Kingdom on domestic American economy and the probable reaction of the home public are occupying the attention of the State Department negotiators as the time draws near for actually coming to grips with their British colleagues on concrete questions of tariff rates.

They are relying, to a considerable extent, on the public hearings before the committee for reciprocity information, scheduled to start on March 14, to help them plumb public sentiment.

In the meantime, considerable educational effort will be put forth by the State Department. In addition to the usual speeches by Administration spokesmen, specialists are arranging for radio broadcasts and other demonstrations intended to put the problem before the American public in a sympathetic light. George Fort Milton, publisher of the Chattanooga News, who is an old personal friend of Secretary of State Hull, has been retained as a special assistant to the Secretary largely for this purpose, and is now travelling about the country on this mission.

The negotiators here feel that they have in their favor several good horse-trading points. Although two-thirds of the imports from the United Kingdom now enter duty free, and the law prohibits the transfer of articles from the free list to the dutiable list, an agreement to bind a given commodity on

the free list for a definite period of years has been found, in other negotiations, to have its trading value.

Similarly, the United States sells little to the Crown Colonies for which the United Kingdom will speak in the forthcoming negotiations, but it buys large amounts of raw materials, including rubber and tin, from them. Under the usual course of triangular trade, the money these colonies obtain from the United States for their raw materials they spend in Great Britain for manufactured goods.

The whole atmosphere, as it is foreseen from this side, will be one of trying to encourage complementary and supplementary trade, to mutual advantage, between the two great commercial nations.

#### U.K. Experts Sail Feb. 1

(Special Cable to The New York Times and The Gazette.)

London, January 9.—The delegation of British experts to negotiate a trade agreement with the United States is expected to sail on February 1 so as to have plenty of time to discuss the situation with Sir Ronald Lindsay, British Ambassador to Washington, before the formal negotiations begin in April, it was learned today.

The Board of Trade will supply most of the consultants, but there will also be representatives of the Treasury, the Ministry of Agriculture and the Dominions Office.

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# U.S. TREATY URGED BY LORD CAMROSE

May. 20/12/37

## Press Peer Cites Benefits Accruing From Anglo- American Agreement

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Paris, December 19—(C.P.-Havas)  
—Unless the way is opened to Anglo-American collaboration on economic and financial problems by means of the proposed trade agreement between the two countries, a mortal blow may be dealt all hopes for practical co-operation between the great powers, according to Lord Camrose, British newspaper owner.

The publisher, writing in "Economie Internationale" (International Economy) review of the International Chamber of Commerce, appealed to business men on both sides of the Atlantic to further negotiations toward the proposed pact.

He stressed advantages which could result for world prosperity and stability and advised both British and United States manufacturers to be moderate in criticism of an Anglo-American trade treaty.

One difficulty facing negotiators, he added, is the fact that powerful interests have grown up in the United States behind the shelter of the protective tariff.

For this reason, he said, State Secretary Cordell Hull, who has "the most extensive powers ever invested in an American Secretary of State to lower tariffs and negotiate treaties," will undoubtedly have a political battle on his hands.

The difficulties are no less for the British Empire, since an Anglo-American treaty implies modification of the Ottawa agreements, which would have to be approved by each of the various Dominions, Lord Camrose added.

But these difficulties should be considered in the light of the tremendous advantages which would accrue, not only to English-speaking nations but to all countries of the world, from the treaty, he said.



# Broad Lines Trade Pacts Said Settled

## Motor and Other Industries Fear Tariff Concessions Included

From Our Own Correspondent

OTTAWA. — The non-committal attitude of Federal authorities toward interests which have evinced a desire to make representations in the matter of the pending Canada-United States-United Kingdom trade shuffle lends color to a prevailing understanding on Parliament Hill that the broad terms of the arrangement are already settled and that "negotiations" which are in progress between the governments concerned are little more than mere formalities.

### Views Not Encouraged

Consequently, the understanding in informed Federal circles is that what is to be is already decided, and that nothing effective can be done about it by interests who fear that they may be adversely affected. It is well known that already fruit interests from the Maritimes and from British Columbia have made known their desire to make representations as to their own position. Manufacturing and B. C. lumber interests have done likewise. The Government, however, has not encouraged any group to make known its views.

In theory at least the United States American procedure is different with the Government notifying interests which might be affected and giving them an opportunity to state their views. There is no requirement on the Government's part, however, to act on these views.

Meanwhile, the picture is changing somewhat, so far as the current forecast of the proposals is concerned. The anxiety of the apple growers is tending to become a little allayed by the persistent report that the United States is to share the British preference only on a seasonal basis.

### Motor Makers Worried

On the other hand manufacturing interests are becoming more concerned. Recent addresses by prominent motor executives, in which it was claimed that car prices in Canada were lower in relation to costs than in United States, are interpreted in some quarters as indicating fear of further tariff cuts. Any concessions to United States automobile manufacturers, of course, might be offset by freer entry for Canadian cars into Australia.

The latter country this week announces abandonment of its licensing import scheme. This should pave the way for U.S.-Australian negotiations. Unfortunately, however, no change is contemplated for the present in import quotas for motor chassis, one of the principal items in the Commonwealth's trade with Canada.

The Canadian rubber industry is also anxious about any tariff changes and more recently manufacturers of silk stockings who are doing a considerable export business with Britain and even France.



# ALL DOMINIONS GET ASSURANCE ON PREFERENCE

## Chamberlain Reaffirms Devotion to Empire Trade Policy

### ANSWERS BUSINESS RAP

## British Industries Federation Had Presented Brief Against Anglo-U.S. Pact

(Wireless to The New York Times and The Gazette.)

London, December 9.—The policy of Imperial preference was stressed without qualification tonight by Prime Minister Neville Chamberlain as the most important contributing force alike to the British Empire's growing prosperity and the "spiritual unity" of the United Kingdom and the Dominions.

He spoke before an Empire Unity meeting attended by 3,000 persons as part of a programme designed to memorialize the life work of his father, Joseph Chamberlain.

The Prime Minister notably omitted any mention of a trade treaty with the United States, but it was obvious that one of the principal endeavors of his talk was to reassure the Dominions that he does not contemplate sacrificing their interests in essentials for the sake of the proposed pact.

Furthermore, his speech might have been a reply to the Federation of British Industries, which tonight issued — as the culmination of strenuous opposition to the Anglo-American trade talks — a statement sent to the Prime Minister seriously questioning the value of the treaty as an advantage to the United Kingdom.

Telling a cheerful audience that he was here to proclaim "faith in Empire unity and determination to pursue it further," Mr. Chamberlain lauded the "great plan" of Imperial preference culminating in the Ottawa Agreements of 1932.

That policy, he said, had been "twice blessed," first by raising United Kingdom exports to the Dominions between 1932 and 1936 by 46 per cent., and imports simultaneously by 41 per cent. Concurrently, he added, citing other figures, the United Kingdom's trade with other countries has likewise increased.

"Now these figures," Mr. Chamberlain said, "prove the truth of what we have always contended, that the increase in Imperial trade, instead of diminishing foreign trade, has added to the economic stability of the world and therefore has proved to be a stimulus to the international exchange of goods.

"The nature of our tariff was, of course, a necessary accompaniment to the policy of Imperial preference. This has enabled us to make a series of agreements with foreign countries under which we have been able to accomplish widespread reductions of tariffs, both directly and indirectly, through the operation of the most-favored-nation clause."

The public statement by the Federation of British Industries, which has a strong but only a minor voice in Parliament with a maximum of 150 votes out of 615, raises four principal objections to the proposed treaty.

These are based, first, on the dislocation of established trade channels; second, on Britain's currently abnormal industrial position due to the rearmament programme; third, on allegedly excessive United States tariffs that give Britain a bad bargaining position, and fourth, on the unstable condition of the dollar.

Discussing the latter two points at length, the Federation statement says regarding tariffs:

"The American tariff, which has been raised at least twice since the war, is one of the highest in the world. . . .

"The view of the Federation is that in any trade agreement between Great Britain and the United States, a country which sells us two and a half to three times more than she buys from us and whose customs tariff is one of the highest in the world, the first step must be a move by the United States to adjust the trade balance by a substantial reduction of her tariff."

After mentioning the "danger" of an agreement whereby "the United Kingdom may become a dumping ground for a United States surplus of food and other agricultural produce" at the expense of Dominions exports to Britain, the statement points out the alleged danger of any agreement involved in "the unstable dollar."

"The dollar today may be regarded as an inherently unstable currency," it says. "To stabilize United Kingdom tariff levels, at a time when the relations of the dollar to the pound sterling is essentially unstable and liable to wide fluctuations, is fraught with peril.

"In recent months the dollar has depreciated relative to the pound sterling. Currency depreciation nowadays is recognized as a convenient way of securing a competitive advantage in world markets, both directly and by offsetting tariff barriers



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"In recent months the dollar has depreciated relative to the pound sterling. Currency depreciation nowadays is recognized as a convenient way of securing a competitive advantage in world markets, both directly and by offsetting tariff barriers.

"To attempt to stabilize the dollar-sterling relation at the present moment would appear to be equally perilous, so long as the United States continues to demand gold instead of goods to pay for her exports and her long-range financial and commercial policies continue to be in a state of flux."

Mr. Chamberlain in his address declared that partnership with the "other great democracies" of the Empire raised Great Britain from "the status of a fourth-rate power," and added that Britain would cling fast to the democratic form of government to which she had held for hundreds of years.

"We hear much nowadays about rival systems of government, for which superior efficiency is claimed by voluntary subjection of individual liberty of speech, thought and action, to the direction of the state, or perhaps to a single man who is said to represent the State."

Britain did not wish to prescribe to other nations the sort of government they should have, Mr. Chamberlain said.

"For ourselves we prefer, and we mean to maintain, that form of democracy we have built up for hundreds of years, and which is best suited to the habits and ways of thought of our people.

"We rejoice to find that in these great Dominions, too, are the same forms of democracy, untouched by Fascism and Communism, standing for the same ideal of peace, liberty and justice that we do ourselves.

"We realize that by our partnership with these other great democracies we are raised from the status of a fourth-rate power to be the heart of an Empire which stands in the front rank of all powers in the world."

He urged even closer collaboration among the units of the Empire on matters of defence, foreign policy and development of resources, and stressed the importance of building up scanty populations with fresh blood.

Tracing the Empire's growth in the past century, Mr. Chamberlain expatiated on the change from "self-governing colonies" to "self-governing dominions."

By the changes embodied in the Statute of Westminster, he said, "we have freely recognized that, in spite of all differences, in the dangers to which we are exposed by our proximity to great centres of international complications, all are partners in the Empire and completely



# ANGLO-U.S. TREATY PLANS DEFENDED

## No Abandonment Of Imperial Preference Idea Involved

LONDON, Dec. 8—(C.P. Cable)—Negotiations with the United States for a trade pact do not mean abandonment of imperial preferences, Capt. Euan Wallace, Parliament Secretary to the Board of Trade, declared at a luncheon of the Canadian Chamber of Commerce in Great Britain today.

Before a gathering of many leading business figures of the Empire, Captain Wallace paid tribute to the excellent trade relations between Canada and the United Kingdom, and attributed stimulated business within recent years directly to the Ottawa agreements and the "Canada Calling" campaign carried on in Great Britain by Canadian officials.

### SCORES NARROW VIEW

He deplored as a "fallacious doctrine" the viewpoint that trade improvements effected by treaties between nations had been achieved at the expense of other good customers. It was the gospel of calamity howlers and prophets of doom, who revelled in slump predictions. He said he believed the recent Anglo-Canadian trade treaty would result in tremendous benefits to both countries.

Sir Geoffrey Clarke, president of the Associated Chambers of Commerce of Great Britain, alluded to Canada as the "strongest pillar of the whole Empire," which was in a difficult position in respect to trade due to its close proximity to the United States.

Replying to criticism of the disproportionate balance of trade between Canada and the United Kingdom, Sir Geoffrey remarked it was a logical state of affairs considering the difference of populations.

"I think the proportion of business is perfectly fair," he declared. "We should be thankful for the enormous advantages we have got."

### NO SIGN OF SLUMP

Sir Geoffrey said there was no sign of a slump in British business and that the slumpongers would find difficulty in undermining the future, which looked particularly hopeful.

Sir Hewitt Skinner, former president of the Canadian Chamber of Commerce in Great Britain, said the Ottawa Agreements had opened the way to business success. Even today, he added, there were British manufacturers who did not appreciate the importance of the Canadian market, and he urged them to devote personal explorations to its possibilities.

Hon. Vincent Massey, Canadian High Commissioner in the United Kingdom, and W. A. McAdam, acting agent general for British Columbia, were among the guests.

## League Hopes to Avert New Economic Slump

GENEVA, Dec. 8—(U.P.)—The business decline in the United States and the slackening British armaments boom is stimulating efforts of the League of Nations to forestall a new economic depression.

The economic committee of the League has agreed to work jointly with the financial committee in seeking abolition of import quotas and foreign exchange control which is preventing more widespread improvement in world trade.

The economic committee will study the quota problem and probably will ask countries which restrict imports in this way to supply information as to what help they will require to enable them to abolish their quotas.

The financial committee last week decided to investigate the exchange control side of the problem. Members of the financial committee will be asked to explain obstacles which prevent their countries from abolishing this control, and what practical measures could be taken to enable them to do away with exchange control.

Later the two committees may jointly elaborate on a practical program to do away with this kind of restriction on trade.

The economic committee during the present session is also carrying one stage further the League's inquiry into the raw materials problem, studying measures to raise the standard of living throughout the world and discussing the convocation of a conference to discuss the problem of international migration.



Star

9/12/37

THE MON

# NEW TRADE PACT CALLED "RUINOUS"

## Okanagan Valley Fruit Growers Protest Pro- posed Changes

KELOWNA, B.C., Dec. 9—(C.P.)—Possible changes in Imperial preferences such as had been rumored would be "ruinous" to the Okanagan Valley fruit district of British Columbia, F. A. Lewis of Vernon, B.C., president of the Canadian Horticultural Council, told a meeting of fruit and vegetable interests here yesterday.

The meeting was attended by growers' representatives and Board of Trade members from Kelowna, Vernon, Penticton and Oliver.

"If there is an emergency," said Mr. Lewis, "then we will be willing to stand our share of the responsibility, but we do object to having industries singled out, which seems to be the case in the matter of any changes in the Imperial preference."

Mr. Lewis, reporting on the recent Horticultural Council meeting in Toronto, said:

"It became more and more evident from information available that the Dominion Government is contemplating an agreement to a change in preference with the Old Country which would eliminate 50 to 60 per cent of our preference on fresh fruits on the Old Country market. It also appeared that we would lose our dump duty on any alteration of the Canada-United States treaty."

### KING WIRED

Mr. Lewis said the Horticultural Council had wired Premier King requesting an interchange of views with the Premier and his Cabinet. He said Premier King "could not agree" to such a meeting and referred the prospective delegation to Finance Minister Dunning. Mr. Dunning was then in New York and a conference was impossible, Mr. Lewis added.

"No one in Ottawa would tell us anything about what is contemplated. We do not know what to fight against and can go only on surmise and rumored reports. Members of the Government will not discuss it. But we are certain the action is definitely contemplated. The Imperial preferences changes can not be made before next March, and three months must elapse before they are effective.

"We believe that the question is far bigger than the fruit and vegetable industry. It is bigger than the Dominion of Canada. I believe it is tied in with the employment problem of the United Kingdom and entails an alliance of democratic countries. On the other hand some United States citizens are bound to fight any agreement which they believe would tend to draw them into conflict with Europe."

Major M. V. Maguire, Vernon, said lumbermen in British Columbia were contemplating a drive for entire free trade in Canada if they lost their preference in Great Britain, so that they would be able to purchase their goods at lower prices.



Gay. 7/12/37

# WANTS TRADE PACT BASED ON OTTAWA

## Prof. A. Newell Would Have U.K. and U.S. Retain Imperial Preferences

### SCOUTS ISOLATION FEAR

## Reviews American History to Show Country Has Taken Its Share of World Responsibility

Any Anglo-American trade agreement that may be drawn up should be shaped within the framework of what is best in the Ottawa Agreements, in the view of Professor Arthur Newell, lecturer for the Association for Anglo-American Understanding, who addressed the Canadian Club at luncheon in the Windsor Hotel yesterday.

If, he added, the proposed agreement could not be worked so that the sacrifice made by the dominions is brought into line with that made by American manufacturers and English agricultural interests, he would oppose the pact. However, he did not think it would be necessary for the dominions to make a disproportionate share of the sacrifices — there would have to be sacrifices all along the line.

Professor Newell did not agree, nor, he said, did all English people agree, that the Ottawa Agreements had been 100 per cent. successful. There was disagreement as to that, but any trade agreement between the United States and the United Kingdom should take cognizance of Imperial preference along the lines on which it has been worked since 1933.

On the other side of the picture was Secretary Hull with far-reaching claims, not merely political, not merely a democratic front against totalitarianism, but more than that: It was the first step in such an economic appeasement the world over as might indirectly lead to solutions of even the most far-reaching political problems.

### DENIES U.S. ISOLATIONIST.

In discussing Anglo-American relations under the title "America Looks Abroad," Mr. Newell said that six years ago when he embarked on promoting a better understanding between the two nations he had then regarded it as "interesting and timely", whereas now he regarded it as "urgent and critical."

Anticipating the comment of some people on both sides of the Atlantic, that the Americans were animated by a spirit of self-sufficiency and had the Monroe doctrine as their background, the speaker reviewed the history of the United States to rebut this idea of supposed isolation. He spoke of the fact that immigrants from all parts of Europe had been allowed to enter the country; the United States had accepted European capital and sold and honored its bonds and stocks to all the world. It had also entered into the Spanish-American war in 1898 and had come out of it a different nation. Also it had gripped the Philippines question and dealt with Cuba, and, taking a leaf out of the British book, had made the

latter a protectorate. Then the building of the Panama Canal had been carried out and important naval bases had been provided for the West Indies and on the other end for the Pacific, "since when we are no longer isolationists but part and parcel of the world" the speaker declared.

Similarly in industry, Mr. Newell pointed out that the U.S. had turned to various countries for raw materials such as rubber, steel, nickel and other minerals. Also by buying securities during the Great War when the other countries of the world needed money, the United States had become rich, and a creditor instead of a debtor nation.

### MONROE DOCTRINE GOING.

With all these facts it was evident that the Americans had not been isolationists. Not all of them knew this, but there was an awakening. The Monroe doctrine, that old cornerstone of American isolation, which had held that the U.S. was the guardian of this continent and of the Latin republics, now seemed rather dead, especially following the recent congress in Buenos Aires, when the need of a new alignment on this continent was seen, in which there would be substituted a multilateral treaty whereby the integrity of this continent would be pledged.

Canada's interest in this matter, the speaker suggested, lay especially in the danger of Fascist invasion, already appearing in the south, also in regard to tariffs, in connection with which last reference he made his allusion to the Ottawa Agreements.

Col. Andrew Fleming presided, and at the head table with him and the guest speaker were Homer M. Byington of the U.S. Consulate, Prof. E. R. Adair, Hon. Gilbert Layton, Ross Macdonald, Gordon Small, J. H. Bonar, W. R. Allen, J. H. Alger, T. J. Coulter, F. B. Common, K.C., W. G. Lasher, T. B. Dundas, W. F. B. Henry, Alfred Pick, Col. T. S. Morrissey and John Paterson.



# Lumber Interests Fear New Trade Pact

British Columbia Representatives Protest Proposed Anglo-U.S. Treaty, but Ministers Are Silent on Details

(By HAROLD DINGMAN.)

(Staff Writer, The Globe and Mail.)

Ottawa, Dec. 3.—Grave fears that the proposed treaty between the United Kingdom and the British States will disrupt the British market for British Columbia lumber are expressed in representations made here by Pacific Coast lumber interests.

Despite a tremendous geographical handicap, British Columbia last year sold 665,000,000 board feet of lumber to Britain, while sales across the border to the United States in the same period totalled only 165,000,000. Loss of the rich British market would throw the lumber industry of the West Coast back to the early depression stage, with a heavy loss of employment.

Because the treaty is in its negotiation stage, no Cabinet Minister here will act as spokesman concerning it, nor admit in any way that a concession is to be made concerning lumber. It is pointed out, however, that President Roosevelt is contemplating a large-scale home-building program, and that, regardless of the trade treaty, British Columbia might well find her United States market greatly improved.

With the Dominion Government determined on a policy of silence concerning all details of the treaty,

Winnipeg Jobless Ask Double Relief For Christmas

Winnipeg, Dec. 3 (CP).—A delegation of Women's Federation of Unemployed members today sought a double relief voucher from Winnipeg relief funds for Christmas, amount to an additional cost of \$60,000 to the city. The request is being considered by the Manitoba Unemployed Advisory Board.

the fate of this industry, and many others, will not be known until some time after Parliament meets. It is understood here, the treaty will be ready for presentation about the time the Budget is usually handed down.



# Canada Holds Key Position In Anglo-U.S. Trade Parley

## Dominion Likely to Benefit Substantially From Three Way Negotiations Now in Progress—Ironing Out Difficulties

Canada holds key position in trade negotiations now officially announced impending between Great Britain and United States. Practically nothing can be done without this country's approval. In all probability a new agreement between Canada and United States will have to precede any Anglo-American pact.

Far from being merely an interested spectator, liable to be hurt, this Dominion undoubtedly will have the final word and may benefit substantially from any agreement reached between the two major world powers.

By clearing the path for any agreement Canada may be aiding the somewhat wavering cause of world peace but in pursuing this lofty and laudable course certain very practical advantages are not being overlooked.

### Ottawa Agreements

As a result of the Ottawa agreements of 1932 and the three-year extension of those agreements this year, this country is in the position of a man who has an option on a very desirable piece of property but somewhat larger than required. That unused portion is sought by a third party who is willing to trade something of real value for it.

The property in this case is the British market, largely for food products and raw materials. The third party, of course, is our big neighbor to the south. Total value of the property concerned is not far short of \$2 billions annually.

By the Ottawa agreements Canada was guaranteed free entry into the British market and certain quotas which in the case of bacon at least she has not been able to fill. United States with considerable surpluses looming in wheat, pork products, fruit and lumber is anxious to get a buyer. Washington has proposed that Britain buy these things on the same terms as has been granted to Canada.

Certain British goods, yet to be determined, are to be accepted in payment and the resulting booming trade dangled before the tariff harassed and war-tearing world as object lesson in peace.

Apparently United States and Great Britain are ready to talk business. They believe that something can be done to improve materially their present trading position, which briefly stands as follows:

#### British Exports to U. S. (1936)

Whisky .....	27,000,000
Undressed furs and skins .....	22,500,000
Woolens .....	14,500,000
Linen .....	13,500,000
Tin and platinum .....	12,200,000
Leather goods .....	4,000,000
Printed matter .....	3,500,000
Burlap .....	3,000,000
Miscellaneous .....	99,800,000
<b>Total .....</b>	<b>200,000,000</b>

#### U. S. Exports to Britain (1936)

Raw tobacco .....	95,000,000
Raw cotton .....	78,700,000
Fruit .....	53,300,000
Meats .....	29,900,000
Oil products .....	28,300,000
Machinery .....	20,500,000
Lumber .....	14,800,000
Chemicals .....	12,600,000
Miscellaneous .....	10,790,000
<b>Total .....</b>	<b>440,000,000</b>

#### Canada's Position

But talk is about as far as either country can go without approval from Canada. The Ottawa agreement gives certain definite concessions, particularly in regard to wheat, lumber, bacon and apples. These commodities, when produced within the Empire, enter Britain free. When produced outside, there is a duty sufficient to give any large-scale Empire producers a big advantage.

The United States Government, already under fire in certain quarters for trade agreements now in force, must get concessions for its own producers of the products named. Great Britain must get the consent of the various Dominions interested for any enlargement of present preferential treatment to include an outsider like United States. Of the Dominions, Canada is especially interested because her lines of surplus agricultural and lumber production and the harvesting seasons correspond almost identically with those of United States.

Both countries grow apples and pick them during the same months; both countries cut the same type of lumber; both normally have surplus wheat to sell in the fall; both have a surplus of pork products. Either the other Dominions do not produce these things at all, or they do so at a different season of the year and therefore would not come into direct conflict with United States exports.

Of course, there may be some friction between American producers of citrus and dried fruits and growers in Australia and South Africa, and there are a few other conflicting lines of minor importance. No major trouble, however, is anticipated in ironing out matters of this kind. Other dominions depend to a much larger extent than Canada on the markets and other support of the Mother Country. They have not



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#### Price to be Asked

That price undoubtedly will be a larger share of the United States market in exchange for larger and freer entry of United States products into Great Britain.

The present U. S.-Canadian agreement went into force on Jan. 1, 1936. It has an initial life of three years and would therefore operate until the end of next year. It was negotiated under special powers granted President Roosevelt shortly after he first came into office in 1932, by which he could on his own initiative raise or lower existing tariffs by as much as 50%. These special powers were renewed at the beginning of his second term of office in 1936.

Because this Canadian-U. S. pact coincided with a sharp rise in most commodities, a rise that brought them into trading range even over the pre-agreement U. S. tariff wall, and because also on certain items like newsprint continued free entry was merely guaranteed, there is considerable controversy on both sides of the line over the total benefit derived from the new agreement. In any case, however, trade between the two countries has grown rapidly in the last few years. Total of well over \$800 millions for the fiscal year ending March last is approximately \$100 millions above 1936 and \$225 millions over 1932. But it is still less than two thirds of the total in the last full year before the United States raised the tariff in 1930.

Present trade between the two countries is as follows:

Canadian Exports to Britain Year Ended Mar 31, 1937	
	\$
Fruits, mostly apples	6,300,000
Wheat	153,000,000
Other grains	6,000,000
Flour, grain products	17,000,000
Rubber products	4,600,000
Tobacco, raw	2,600,000
Canned vegetables	3,500,000
Livestock	2,800,000
Fish	5,300,000
Furs, raw	10,200,000
Lard	3,800,000
Leather	5,300,000
Bacon	27,800,000
Other meats	3,500,000
Cheese, milk, etc.	11,200,000
Textiles, raw	2,500,000
Paper	7,000,000
Lumber	28,800,000
Machinery, autos, hardware, pig iron, mill products, etc.	13,000,000
Aluminum	8,000,000
Copper	25,500,000
Lead	8,000,000
Nickel	13,200,000
Platinum	8,000,000
Zinc	6,700,000
Chemicals	4,200,000
Miscellaneous	3,200,000
Total*	407,996,000

\*Including other items not specifically listed.

Britain's Exports to Canada Year Ended Mar. 31, 1937	
	\$
Spirits	5,700,000
Tea	3,300,000
Vegetable oils	4,300,000
Other food products	5,000,000
Furs, leather, etc.	5,000,000
Textiles	46,800,000
Printed matter	2,300,000
Machinery, boilers, hardware, bars, iron sheets, etc.	15,000,000
Tin plate	8,000,000
Copper, aluminium, nickel prod.	6,078,000
Coal	6,754,000
China and glassware	4,200,000
Chemicals	6,800,000
Miscellaneous	6,950,000
Total*	129,524,000

\*Including other items not specifically listed.

#### 1930 Tariff Sufferers

When the United States hoisted its general tariff in 1930, chief industries to suffer in Canada were agriculture, fishing and lumbering. Exports in these lines slumped drastically and there was considerable hardship.

The Ottawa agreements of 1932 whereby exports to Britain were stepped up brought some relief, but not a great deal until the pound advanced sharply in terms of Canadian money about the middle of 1933.

The lack of a really big United States outlet, however, continued to be felt. The agreement with Washington at the beginning of 1936 helped again, bringing still further markets for livestock, some classes of lumber and dairy products and potatoes.

In any new agreement to be ne-

gotiated it is expected that efforts will be made to widen the markets for such products and also to increase sales of fresh fish from the Maritimes. Wheat and other grains which went into the United States in considerable quantities previous to the 1930 tariff are not expected to be helped because the tariff on these commodities is already so high that a 50% cut, the limit within Roosevelt's powers, would not make any difference. Any further concession in the other commodities mentioned, however, would be of particular importance because they would benefit a large section of Canada.

#### Sectional Concessions

If fresh fish and potatoes from the Maritimes were admitted freely by the United States, then there would be less objection on the part of Nova Scotia apple growers to sharing the United Kingdom market with the Americans. If more cream, cheese and butter and finished cattle were admitted from the central and western provinces, there probably would be little objection to American wheat and pork products enjoying the same privileges as Canadian in Britain. To Ontario and Quebec may be held out the special inducement of cheaper American coal, although Washington is probably more anxious to get the duty removed on this product than Ottawa will be to grant it.

To satisfy British Columbia may require a good deal of horse trading. A wider shingle market in the United States would help, but it is doubtful if the general lumberman along the Pacific and the apple grower in the Okanagan would be willing to trade such a privilege for his present protected market in the British Isles. Present indications, however, point to the end of the boom in lumber exports to Britain. B. C. exporters already report a greatly lessened demand. The same report comes from the lumber exporters of the Baltic. The gradual slackening of housing construction in Great Britain is probably responsible. On the other hand, a housing boom in the United States might create a new outlet for lumber there, while cessation of hostilities in the Orient is almost certain to be followed by more demand from that quarter. In either case the U. K. lumber market would lose some of its relative importance, and opposition to a new three-way agreement between Canada, the United States and Great Britain might disappear.

#### Agricultural Products

Much more than half of Canada's export to Great Britain is in agricultural products, largely wheat, meats, dairy products, fruit and canned goods.

Wheat is admitted free from the Empire, with a six-cent duty to outsiders. Due to the different quality of Canadian wheat and its particular value for mixing purposes, it is in a different class from United States grain and it is doubtful whether there would be any great objection on western Canada's part if the tariff against the American product were removed. Bacon is in almost the same category. Britain is willing to pay a special price for a special quality. Canada produces this special quality, the United States does not. Moreover, though we have been trying for six years to fill our annual quota allotted under the Ottawa agreements, we are still running a third short. In return for greater outlets for Canadian cattle

in the United States there probably would be no objection to permitting freer entry of United States pork products into Great Britain.

#### Monetary Agreement Too

In other major lines of export to Great Britain, aside from the lumber and apple situations already mentioned, there would seem to be little conflict. The bulk of Canada's industrial exports is made up of raw materials which the United States does not export.

While greater shipments of goods between the three countries involved will be the main objective of the authorities interested, some monetary agreement is almost certain to be included. Any such arrangement, however, may remain purely unofficial and unmentioned. It will be vital, however, or any downward revision of tariffs may have no effect. There will have to be maintained some very definite relation between sterling and dollars so that a pound of goods in one country can be exchanged for a pound of something equally valuable in another.

#### Canadian-U. K. Trade

Present position of Canada's trade with Great Britain is as follows:

U. S. Exports to Canada Year Ended Mar. 31, 1937	
	\$
Fresh fruits	13,200,000
Raw furs	4,700,000
Cotton (raw and manufactured)	24,000,000
Silk, raw	4,000,000
Printed matter	9,600,000
Paper	4,900,000
Lumber	11,000,000
Automobiles	9,600,000
Automobile parts	27,200,000
Engines and boilers	7,500,000
Farm machinery	10,000,000
Other machinery	27,400,000
Steel sheets	10,900,000
Electrical apparatus	10,300,000
Coal	26,000,000
Petroleum	31,000,000
Stone	5,000,000
Chemicals	19,000,000
Miscellaneous	29,000,000
Total*	394,419,000

\*Including other items not specifically listed.

Canadian Exports to U. S. Year Ended Mar. 31, 1937	
	\$
Spirits	21,545,000
Grains and products	43,500,000
Livestock	15,000,000
Meats	3,000,000
Dairy products	1,700,000
Fish	12,100,000
Furs (raw)	7,400,000
Newsprint	90,000,000
Pulp	28,600,000
Pulpwood	8,500,000
Shingles	6,400,000
Other lumber	14,200,000
Farm implements	1,900,000
Gold, bullion, dust nuggets, etc.	81,000,000
Nickel	23,600,000
Copper	3,800,000
Silver	5,800,000
Asbestos	7,000,000
Stone	5,600,000
Abrasives	4,400,000
Chemicals	8,700,000
Miscellaneous	9,600,000
Total*	435,014,000

\*Including other items not specifically listed.



# To Meet Today In Toronto

50 Per Cent Reduction  
Planned, Is Latest  
Ottawa Report

*Move Is Opposed*

Other Canadian Organiza-  
tions Are Expected to  
Join in Protests

By H. W. PORTER

KENTVILLE, Nov. 23 —  
Swinging into action along  
with Nova Scotia, Ontario and  
British Columbia apple in-  
dustries in an attempt to  
block reduction in the prefer-  
ence held by Canada over the  
United States growers and  
shippers, Canadian fruit  
growers and particularly No-  
va Scotians, were heartened  
here tonight by reports the  
Canadian Chamber of Agri-  
culture, the Canadian Trades  
and Labor Congress and pos-  
sibly the Canadian Manufac-  
turers Association may confer  
this week to digest the situa-  
tion and present their views  
to the Dominion Government.

## Meeting Today

In the meantime representa-  
tives of Nova Scotia and British  
Columbia will meet in confer-  
ence tomorrow.

Latest reports from Ottawa  
which seem well authenticated  
are to the effect that the Domi-  
nion Government now proposes a  
reduction in the preference of 50  
per cent, which instead of the  
\$1.50 now enjoyed would mean  
but 75 cents.

This move is opposed in the  
Annapolis Valley as strongly as  
the complete wiping out of the  
preference, however, and it is  
reported in Ottawa an attempt  
will be made to "strike a bar-  
gain" with the growers by split-  
ting the half and cutting the re-  
duction by one-quarter of the  
\$1.50.

## Anthracite Tax

WASHINGTON, Nov. 23—(AP)—  
Representative Patrick J. Boland, of  
Scranton, Pa., reported today State  
Secretary Hull was "very much in  
favor" of negotiating with Canada  
to eliminate the tax on anthracite  
entering the Dominion.

"The state department is 100 per  
cent for that," said Boland. "It's one  
of their major objectives."

Boland saw Hull before going to  
a meeting of anthracite producers,  
mine workers and representatives of  
the federal and state governments  
who discussed sundry proposals for  
rehabilitation of the hard coal  
industry.

## Part of Negotiations

OTTAWA, Nov. 23 — (CP) — Pro-  
posals for lowered Canadian duty  
on United States anthracite, which  
a Washington despatch today said  
had been favored by Secretary of  
State Hull, will probably form a part  
of the negotiations which will open  
shortly for a new trade agreement  
between the two countries.

United States anthracite entering  
Canada is now subject to a customs  
duty of 50 cents a ton as against  
free entry given hard coal from the  
countries of the British Empire un-  
der the preferential tariff.

Anthracite imports during the  
calendar year 1936 amounted to 3,-  
499,857 tons valued at \$17,788,829. Of  
that total United States provided  
1,701,000 tons valued at \$9,959,785.  
Bulk of the remainder came from  
Empire countries.



## TRADE TREATY LIMITATIONS.

There comes from New York a statement by Eugene P. Thomas, president of the National Foreign Trade Council, Inc., which is not calculated to increase Canadian enthusiasm for the proposed trade agreement between the United Kingdom and the United States. Mr. Thomas envisages, as others have done, greater results than those which may accrue in the sphere of trade alone. He goes on to speak of what he describes as the fundamental weakness of the Ottawa policy of 1932, namely, its failure to relate the underlying principles to Empire trade relations with the rest of the world. At the World Economic Conference in 1933, he says, Great Britain was unable to further the project of international co-operation in solving world trade problems and this was the first international test of the Ottawa policy. "Events have shown that neither in respect to the preferential principle, nor with regard to the mechanism by which intra-Empire trade differences may be composed, has it been possible to avoid the conclusion that revision of the Ottawa agreements goes deeper than a reconciliation of the differences that have arisen between British countries. The belief is more general in British countries today that revision of the Ottawa policy as a whole is essential to the development of satisfactory trade relations with non-Empire countries."

The changed attitude of Canada, particularly the adoption of a more liberal and international outlook in regard to world trade, is noted by Mr. Thomas with satisfaction as foreshadowing the success of the United States-United Kingdom negotiations. A fundamental departure from the strictly nationalistic attitude of the British Commonwealth toward other countries, based upon a discriminatory preferential system, appears to be expected, the preferential system being in conflict with the most-favored-nation principle and being unsuitable to the present world situation. Mr. Thomas takes it for granted that Great Britain "has removed this stumbling-block," or is about to overcome it. "Where so much is at stake in securing concessions for British goods into the United States, it may be inferred that the opening of negotiations indicates a complete understanding on all disputed points between Great Britain and the Dominions." Greater liberalization of trade as between two countries which buy 28 per cent. of the world's imports and sell 24 per cent. of the world's exports will "have important consequences for the rest of the world."

In this statement Canada, particularly, and the rest of the British Dominions, are told what is expected of them, and why. It may not reflect the official Washington view or the official Washington proposal; nevertheless, there is a suspicion that from some source, possibly British interests at Washington, an attempt has been made to play upon Canadian sympathies. The argument is that the furtherance of peace and the unity of the English-speaking peoples are of more importance than any sacrifice which the Dominions may have to make. On the other hand, there have been assurances that these sacrifices will not be very substantial and that any resulting readjustment of trade will cause no serious disturbance. Broadly speaking, the granting of trade concessions does not necessarily mean that trade will be radically changed. The ability of the United States to trade abroad is dependent upon its acceptance of goods from others, or gold, or its willingness to invest abroad. Recent years have stopped any desire to lend abroad. Washington is now reaching a conclusion that no more gold is needed, which leaves the acceptance of goods as the means of payment for exports as well as the interest debt due by other countries. If the United States accepts more goods it will be helpful to world trade. It should ultimately reach a substantial unfavorable balance, offset partly by tourist expenditures.

If the United States does obtain concessions it can only use them if it is prepared to accept more goods. United States ability to use concessions is absolutely dependent upon a willingness to accept goods. If the United States does not buy more abroad it will sell only those commodities which other countries require the most, such as automobiles, machinery, petroleum, cotton, and goods which are not obtainable elsewhere in volume, rather than wheat, which can be secured from various sources. On a strictly commodity trading basis, the United States must buy more to sell more, and if it does not expand its imports it cannot expand its exports. Exports can only be developed up to the extent that other nations find themselves in a position to secure United States exchange in payment, and United States exports will go out of the country in the order of their suitability as determined by the foreign buyer, and in precise relation to foreign market requirements.



# All Industry Aroused By Treaty Talk

Nova Scotian fruit-growers, transportation and other organizations, and business interests generally are organizing their forces to protect the Province against possible losses which may result from an Anglo-Canadian trade agreement based on concessions, by Canada.

Most definitely threatened is the apple industry, with its allied undertakings, whose products, according to an Ottawa statement not denied may lose the preference which alone has saved it in the British market.

Directly and indirectly practically the whole of the province is affected by the prosperity of the Annapolis Valley; if ruin there were aggravated by other concessions which would mean additional loss of traffic to the railways and ports, loss of sales to the coal miners, and a loss of markets to the recently-revived lumber industry, a recurrence of conditions such as prevailed in the years immediately after the war is feared.

## Bulwark Is Gone

So far as Halifax itself is concerned, the bulwark offered by the Harbor Commission in former days has gone. In its stead is an Ottawa-controlled, civil service body which merely operates and does not act on behalf of this port. Formerly it went out after business and struggled against any move which would endanger its traffic. Now its hands are tied, both business and labor leaders were quick to point out.

As for the railways, it was said, little action on behalf of the Maritimes could be expected from them. The Canadian National system, which does not serve the Annapolis Valley, has two outlets in these provinces, but it also has a third in Portland, Maine, which it used until tariff changes and later, the Ottawa agreements, compelled by its preferential rates, the use by inland importers and exporters alike of the facilities in Halifax and Saint John. The Canadian National also has, it was pointed out, large tributary territories in the midland United States which it always has hesitated to antagonize in favor of Canadian interests.

## Threat To Ports

Loss of markets for apples naturally would mean the disappearance of shipments of fruit through the ports of Halifax and Port Williams. This, those familiar with the industry declare, would be the outcome of the removal of preferences. Thus, directly, Nova Scotia port-workers by the thousands would suffer.

Vigorous campaigns have been waged by Portland for years against the handling of Canadian business by Canadian outlets. Repeated representations have been made to Washington that the United States should bring pressure to bear to have this country's preferential tariff structure altered to permit indirect shipments of foreign and Empire goods from abroad into Canada via a United States port.

First fruits of the campaign were seen last year in the nullifying of the direct shipment clause in preferences to and from foreign countries by making United States most favored nation territory. The Canada-United States agreement opened

in this way the United States gateways to Central Canadian markets and a large volume of traffic, formerly handled through Saint John and Halifax, is now moving that way, shipping men said.

"We are afraid that this new agreement now being negotiated will nullify preferences that induce British and other Empire goods to enter this country via a Canadian port if they are to qualify for the lower Ottawa agreement rates," one ship firm representative said.

"We haven't forgotten the days when the White Star and Cunard liners made Portland their chief port of call, picking up and discharging the bulk of their Canadian freight there, with Halifax on the sidelines, handling only a few packages."

## Additional Loss

Such a loss, it was pointed out, would be in addition to that suffered by the lumber and apple industries by loss of the preferences abroad.

"We used to look to the Harbor Commission for help in getting and holding business and we supported them in every move they made to get traffic for Halifax." A union spokesman asserted. Officially, no comment was forthcoming from the waterfront workers' organization, but its members betrayed their worry.

"Now we can't expect anything from the Board because there is no local control over it, and we opposed the loss of that local control for this very reason. The proof that we should have something to say about the port when difficulties arise, is right here now."

Exactly the same view was expressed by shipping interests when reports of the pending negotiations were made public.

"The Harbor authority can't say anything" one veteran of the business declared. "It can't be expected to protest under the circumstances. Just a branch of the civil service, if it complains to Ottawa or attempts to press the case for Saint John or for Halifax, it will be told to mind its own business, manage the port and leave political matters to the politicians.

"This is not politics; it is business and it means dollars to every worker in the Maritime Provinces," this shipping men asserted.

## Emergency Meeting

On Friday an emergency meeting of the Board of Trade Council was held and it was decided to send a



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#### Emergency Meeting

On Friday an emergency meeting of the Board of Trade Council was held and it was decided to send a delegation to Ottawa to see that no injury was done to these provinces through concessions granted by the Dominion to Britain or the United States or to both.

"The Dominion Atlantic and the Canadian National may suffer loss of traffic; many port workers may be put out of employment; local business and subordinate industries may be damaged by the loss of earning power in this community.

"No one should let the impression get abroad, that only the Annapolis Valley will suffer and that the rest will escape. They can't do it, if apple and other preferences are lost."

Organized miners also were becoming aware of their danger. Railways provide one of the major markets for fuel from the Nova Scotian collieries.

"They all sell to the railways," one engaged in the industry for years stated. "The small mines would be hardest hit by any curtailment in railway purchases due to slack traffic brought about by diversion of business to United States lines.

"This applies to Springhill and that area, to Acadia and Greenwood and Inverness, to name only the outstanding mines. They were the first to feel the effects of a traffic pickup and they with the rail workers themselves would be the first to suffer if there is a decline."

#### Aware of Situation

There seemed to be a general impression that the Dominion Government was aware of the situation and that economic blow which may be struck at the Maritimes and was preparing to attempt offsetting advantages.

"There will be concessions in the duties on fish, possibly," one man engaged in that business for a generation said, "but I don't know what they will be to materially change the situation.

"United States can grant concessions in Port Rico but what, after all, will they amount to? The quantity of dried fish produced here is far too small to influence world market prices.

"Newfoundland sets the pace on this side of the water; the fish are produced more cheaply; wages paid the men are lower; the quality of the fish is different.

"No matter what the duty is, Nova Scotia still will have to compete and I don't see very great possibilities for increased sales by this Province."

Difficulties in the way of Washington giving ground were seen. Many delegations have appeared at Tariff Board and other hearings in the United States capital in recent years objecting to any freer entry for Canadian sea products. Powerful "Bay State" interests certainly would oppose reductions in tariffs and it is contended that, whatever the Dominion's intentions in the matter, the only way to make sure that full concessions are obtained for Maritime Provinces fishermen is for the latter to get together and

present their case or to see that some authorized body does so. Otherwise there is a possibility that at the last moment this concession to Nova Scotia will be let go by the board.



# Nova Scotians ON GUARD!

AN EDITORIAL

TRIANGULAR trade negotiations now in progress between Great Britain, the United States and Canada are bound to have far-reaching effects upon the trade of this country.

And where Nova Scotia is concerned, these effects could be serious in the extreme—not only as affecting industry and commerce, but as affecting trade in terms of traffic over Maritime transportation territory and through Maritime ports.

There is a great deal of talk just now about "preferences"—but it should never be forgotten that the system of preferences that has been built up through the years, and to which this country has been a party, has not stopped with trade and tariff preferences as such, but has placed the ports and transportation lines and territory of Canada in a distinctly, and most valuable, preferred position.

UP to the date of the signing of the Canada-United States trade agreement two years ago, all trade moving into this country under an almost bewildering system of agreements, and a great percentage of the trade moving out of it under those agreements, had to pass over the territory and through the ports of this Dominion.

But immediately our agreement with the United States came into effect, that preferred traffic position was lost to Canada in relation to its trade with the entire world outside the British Empire. And some Empire trade was similarly affected, as well.

**Why? Because, when we extended "most-favored-nation" treatment to the United States, that country became Canadian transportation territory for all trade moving to and from this country under most-favored-nation rates of duty.**

Hard on the heels of this came the Canadian action extending most-favored-nation treatment to the British West Indies; and to the degree that West Indian products move to this country under rates of duty no lower than the most-favored-nation rates, it can come into Canada through the ports and over the territory of the United States.

THESE actions and developments marked the beginning of the breakdown in our preferred traffic position, so laboriously built up over a considerable number of years in line with the demand for the routing of all Canadian trade through all-Canadian channels.

We held our preferred position practically intact under the Empire trade agreements.

**But even that tremendously important position now would appear to be threatened through the triangular trade negotiations in progress between London, Washington and Ottawa.**

In order to facilitate the conclusion of a trade agreement between the United States and Great Britain, it is believed, the Canadian Government is prepared to abandon some part of the preferences enjoyed by our own producers in the British market.

The apple preference, it is reported, may be lost in whole or in part.

We may lose some or all of the lumber preference.

And so the reports persist, with no definite word from Ottawa to set at rest grave fears and apprehensions among the Canadian people.

WE say, the people as a whole, because the loss of any part of preferences of this kind would not affect the producers in those industries alone: it would effect everyone.

**Imagine, if you can, what it would mean to this Province to lose the apple preference.**

The first to be most seriously and most directly affected would be the producers of apples themselves.

But that would be but the beginning.

The whole community of the Annapolis Valley would suffer.

All engaged in the production of materials in ancillary activities would suffer (in the production of barrels and boxes, as but one example).

The railway men would suffer through any reduction of traffic.

The port workers would suffer in equal degree.

The miners, who produce the coal to supply the trains, would suffer.

In fact, any adverse effects upon such a great primary industry would be felt directly or indirectly by every person in this Province and in the sister Maritime provinces as well.

It would, indeed, be difficult to exaggerate the seriousness of action of this kind that would rob the fruit industry of any substantial part of the British preference it now enjoys.

AS we say, the public must remember that in these matters it is not only trade that is threatened, but trade expressed in terms of traffic, as well—because the prefer-

ence is a double one: A Trade Preference; and A Traffic Preference.

**And this much is certain, to the extent that Canada abandons her preferred trade position in British markets under the Empire preferences, to a like extent will the preferred traffic position of this country in relation to that trade be broken down and destroyed.**

That much will be an inevitable result—to say nothing of any concessions the Canadian Government might make in response to the continuous United States demand for abandonment of the direct-shipment provisions entirely.

These direct-shipment provisions have meant a great deal to Canadian ports and Canadian transportation lines and territory.

**As a result of these provisions, we had reached the point in this country where Canadian trade WAS moving through all-Canadian channels.**

But, as indicated at the outset, the beginning of the breakdown came with the signing of the Canadian-United States trade agreement two years ago.

And now, there is a growing fear that the whole system of Canadian trade-and-traffic preferences may be so revised and reshuffled that its effectiveness will be lost to this country and its people.



# The Gazette

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MONTREAL, MONDAY, NOVEMBER 22.

*You do not test the resources of God till you try the impossible.—Rev. F. B. Meyer.*

## BENNETT ATTACKS TREATY.

The principal difficulty about Mr. R. B. Bennett's assault on the Anglo-American trade treaty is that there is no treaty. The Conservative leader is assuming that, as a result of the pending negotiations between the United States and Great Britain, Canada will lose its present preferential position in the markets of the United Kingdom. There is not very much as yet which can be accepted safely as a foundation for that assumption. The best information available indicates that such sacrifices as Canada may be called upon to make in facilitating the negotiation of a United States-United Kingdom treaty will not be as considerable or as serious as was believed when the project was first mooted. This information seems all the more dependable in view of the obvious fact that while Great Britain and the United States are endeavoring to get together by means of a commercial bridge, a commercial agreement is really nothing more than a means to another and very much more important and desirable end.

If Mr. Bennett is correct in believing that Canada will be called upon to pay most of the commercial cost of an agreement between the United States and the United Kingdom he is justified in issuing the warning uttered by him in Halifax and in exhorting the Canadian people to resist an enterprise which will seriously imperil the economic well-being of the Dominion. Furthermore, there is some encouragement in the mere fact that in this respect the Conservative leader is reaffirming the traditional policy of the Conservative party. Mr. Bennett makes it clear that he lacks confidence in the King Government's solicitude for the interests of Canadian producers and manufacturers; hence his advice that the people assert themselves. To some extent he is right. The King Government has made no secret of its disposition to lower the tariff wherever and whenever an excuse can be found for so doing. It is part of the policy of freer trade, a modern definition which the theoretical free trader uses for practical purposes.

The fear which is in the mind of Mr. Bennett, that the King Government, if unrestrained by popular sentiment, would probably go very much too far in sacrificing Canadian primary and secondary industries to this principle of freer trade, is very general. Nevertheless, as has been observed before in these columns, our present Prime Minister is as good a politician as he is a statesman. No man knows better than he that the Canadian people have not given him an unlimited mandate in the field of tariff reduction, and that governments which read into a popular mandate something which has not been put there by the people themselves are required in due time to pay a somewhat painful penalty. Mr. King does not usually fall into an error of this kind. He knows his public as few other party leaders have ever known it since the days of Macdonald. He is fully aware that vigorous protests have already been registered against a surrender of existing preferences in the British market, and he is not the man to ignore such protests. It may be taken, therefore, as a reasonable certainty that what is to be really a series of triangular negotiations will not result in an agreement or agreements dangerously prejudicial to the interests of this country.



# AUSTRALIA GUARDS MARKET BENEFITS

## Unwilling To Surrender Advantages For Anglo- U.S. Treaty

CANBERRA, Nov. 22 — (C.P.-Havas)—Australia "cannot be expected" to surrender her advantages in the British market without assurances of adequate compensation in other directions Premier Lyons declared today in connection with the proposed Anglo-American trade negotiations.

"It is wrong to assume that such an agreement means the abandonment of the principle of inter-preference," he declared in a statement to the press.

"Nothing was done at the Imperial Conference to justify the suggestion that the Dominions acquiesced in the scrapping of the preference system.

"The conference, however, recognized that the countries of the British Commonwealth depend on the world as a whole and that healthy growth of international trade is an essential step toward political appeasement.

"The forthcoming Anglo-American discussions are an all-important step in the pursuit of this high aim. Insofar as the discussions affect the Ottawa agreements, they involve difficulties to which Australia is very much alive."

## Financial Paper Stresses Need of Will to Agree

LONDON, Nov. 22 — (C.P.-Havas) — The political importance of the "will to agree" demonstrated by both Great Britain and the United States during preliminary negotiations for a trade agreement was emphasized today in an editorial in the Financial News.

"So often have we seen the initiative taken by totalitarian states that news of a major agreement between the two greatest democracies is highly encouraging and useful," the newspaper said. "It is in this direction indeed that lie the best prospects of maintaining European peace."

The newspaper added that last week's announcement of formal negotiations between London and Washington suggests that President Roosevelt is following the line of policy laid down in his Chicago speech.

A "die-hard" Conservative group meanwhile opened an anticipated counter-offensive. A report published by the Imperial Economic Union, headed by the former Dominions Secretary, Leopold Amery, warned that "renewed efforts are being made in some quarters to use the discussions now in progress for an Anglo-American trade agreement as an excuse for an indirect attempt to discredit and weaken the tried and proved national Imperial policy."

## WANTS FARMERS GUARDED

The report, entitled "The Fiscal Situation Today," expressed the opposition of the economic union to any relaxation of Imperial trade preferences and demanded that "British agriculture be safeguarded from undue competition" in any revision of the Ottawa agreements.

The report also denounced the principle involved in the "most favored nation" clauses in commercial pacts with foreign countries.

The Government was urged to reserve all liberty of action for imposing quotas on all products imported into Great Britain.

Discussing the prospects of negotiations between Great Britain and the United States, the Sunday Times (Independent) said that the "political value" of any agreement "strikes us as so considerable that for its sake Great Britain might be justified in driving a less favorable bargain than economic calculations alone would warrant."

Economically, the proposed treaty was welcomed by the Sunday Times on the ground that it would promote an expansion in international trade, which would not only benefit the participating signatories "but would give a certain fillip to world trade in general."

The paper remarked that concessions to the United States were likely to hit Canadian products, adding that "while we receive countervailing advantage from the United States we should have ourselves to give some equivalent compensation to the Canadians."

## SEEN AS DESIRABLE

Politically the change was viewed as even more desirable, and the editorial stressed that the best chance of surmounting the dangers now confronting democracy was for all countries, great and small, "to co-operate increasingly on a basis of practical and mutual aid."

"The cult of anarchy and the restrictions should seek to supply its own needs," the newspaper declared, "is in motive a military conception. Pursued in conjunction with war talk and sabre-rattling, it could only lead the world back to conflict and disaster."

Protracted delay in negotiations, the Sunday Times warned, would not only postpone the pact's advantages but might wreck the whole project.

## B.C. Lumber Trade Makes Protest

VANCOUVER, Nov. 22 — (C.P.) — A delegation representing British Columbia's lumber industry yesterday met Hon. Ian Mackenzie and submitted to the National Defence Minister its contention care must

would reduce the Pacific Coast Province's lumber industry by one-third.

Mr. Mackenzie made no statement after the interview but J. G. Robson who headed the lumbermen said it was "very satisfactory."

"Unquestionably we have to face some change in the general set-up but we hope that it will not be too drastic," Mr. Robson said.

## Only Hope Held In U.S. Treaty

BRIGHTON, England, Nov. 22 — (A.P.) — Sir Arthur Willert yesterday told a conference of the Liberal Party that Great Britain was too busy "playing first fiddle in the European orchestra" to do much more than back up the United States in the Far East.

"And the Americans aren't going to do much," the former head of the Foreign Office News Department added.

Democracy may get its "final chance" in the proposed Anglo-American trade treaty, Sir Arthur said, because of the possibility Germany may wish to join. "If that should happen we would be able to make our terms to Germany," he said.

## Britain Taking Definite Action

LONDON, Nov. 22 — (C.P.) — Premier Chamberlain told the House of Commons today that the Government was taking "definite,



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The delegation's submission was similar to the one it gave last Wednesday to Premier T. D. Pattullo, it claimed any proposal to admit United States lumber to the United Kingdom market on equal terms

would reduce the Pacific Coast Province's lumber industry by one-third.

Mr. Mackenzie made no statement after the interview but J. G. Robson who headed the lumbermen said it was "very satisfactory."

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## Britain Taking Definite Action

LONDON, Nov. 22—(C.P.)—Premier Chamberlain told the House of Commons today that the Government was taking "definite, positive action" to solve world economic problems.

He cited trade negotiations with the United States as an example.

His statement replied to a question concerning the Government's intentions concerning a speech to King Leopold of Belgium last week appealing to Great Britain to take the lead in seeking world eco-



# Interests Of Province Must Be Paramount

"This Demand Is A Challenge!"

THE demand upon all Nova Scotians today is "to meet conditions which are unparalleled in their seriousness in so far as the present and future well-being of our Province is concerned".

"This demand is a CHALLENGE. We must stand up to it and be prepared to give a lead which in its magnitude must exceed all previous efforts."

Those declarations made by F. W. Baldwin, newly-elected President of the Conservative Party in Nova Scotia, will be endorsed by every citizen of this Province who realizes the seriousness of conditions as they exist—and what must be done to meet and cope with them.

AND every sincere and progressive citizen of this Province will endorse heartily and enthusiastically this declaration also made by Mr. Baldwin in his statement to the Conservative Association here on Friday:

"Partizanship must be put to one side if this task is to be undertaken. Earnest and thoughtful men and women throughout this Province must align themselves behind the effort that will have to be made to solve these economic problems. Where necessary, party lines must be disregarded".

For, as Mr. Baldwin pointed out plainly and compellingly, Nova Scotia "is brought face to face with problems which in many instances are of a nature it heretofore has not been called upon to meet".

And here is another declaration contained in that same courageous statement that should burn itself into the mind and conscience of every Nova Scotian:

"A provincial political party no longer has any important function to justify public support unless it is prepared to COME TO GRIPS with these problems and give the leadership which will rescue our people from these hard and distressing conditions. In a crisis such as this, party considerations must of necessity be relegated to a secondary place in order that earnest consideration of these questions may be made paramount."

And these declarations, as Mr. Baldwin added, constitute, "not a 'whisper of death'—but a Clarion Call to Service".

IN line with the resolution moved by Mr. Baldwin here on Friday, a competent, representative committee of Nova Scotia citizens is to be set up to study the economic problems of this Province, and to present their findings at a convention as the basis of a platform of policies for the development of the resources and possibilities of Nova Scotia for the benefit of all its people.

The man who made those declarations and moved

that resolution is one of the best citizens of this Province. He is sincere in his motives, constructive and progressive in thought and action. He is not concerned with political partizanship: he is concerned with the possibility of doing something lasting and constructive for Nova Scotia and Nova Scotians.

Those declarations and that resolution, endorsed by the Conservative Association here on Friday, mark the opening of a NEW ERA in Nova Scotia public affairs. They commit a great party definitely and irrevocably to the doctrine that the interests of Nova Scotia MUST BE PARAMOUNT and must never be subordinated to partizan political considerations or exigencies.

"Partizanship must be put to one side," as Mr. Baldwin declares, "if this task is to be undertaken".

It is no secret to the people of Nova Scotia that political partizanship has been the curse of this Province for generations; and if we know the temper and the demands of Nova Scotians, they are no longer content to see the interests of their Province made secondary to the interests of political parties.

HERE, surely, IS a Clarion Call to Service. Here, surely, is a Hopeful Sign for the Nova Scotia people.

And the Nova Scotia people will give their support to this effort in direct proportion to the sincerity, earnestness and honesty with which it is conducted and carried out.

"BY THEIR FRUITS YE SHALL KNOW THEM". That is the maxim and the test the people of Nova Scotia will apply to this campaign as it progresses through the months and years that lie ahead.

Nova Scotians realize most thoroughly that the only useful measure of the policies of any political party in provincial affairs is how practical, how progressive, how constructive and effective those policies may be when translated into legislative and administrative action.

Provincial affairs are not national, Empire or international affairs. Provincial affairs have to do with the practical every-day facts of existence—with the welfare of the people in their homes and working lives. Here there is no room for nebulous theoretical political policies. Here in the provincial field policies must be concrete, practical and workable.

Of course, a few political partizans here and there will attempt to belittle these proposals and to lead the public mind away from the main issue. But the people of Nova Scotia at this date are not likely to pay very much attention to such partizan tactics. They KNOW conditions in their own Province ARE "hard and distressing" for thousands deprived at this moment of fair opportunities, and in many cases, the bare essentials of life itself.



# The Gazette

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MONTREAL, SATURDAY, NOVEMBER 20.

*Everyone does himself injustice who makes himself incomprehensible.—Bouverie Primrose.*

## THE NEW TRADE TREATIES.

The trade treaty announcements emanating simultaneously from the three principal English-speaking capitals may be more important in their implications than in the actual readjustments of commerce which may result. It is stated definitely that London and Washington have agreed to negotiate what is described as an unconditional most-favored-nation reciprocal agreement, the first progressive step in this direction since 1815. Concurrently, the governments at Ottawa and Washington make known their decision to revise the existing Canada-U.S. reciprocity agreement, which went into effect at the beginning of last year, upon a mutually more liberal basis, one which, clearly, is intended to dovetail into the projected U.S.-U.K. agreement. From recent official and unofficial statements it is possible to gather that in what is to be practically a three-way agreement, the principle of British preferences will be preserved and that whatever changes in practice are involved the cost to the Dominions as expressed in surrendered advantages in the British market will not be serious. So far as Canada is concerned the apparent intention is to offset such losses as may be sustained in relinquishing some of the bound margins granted by the United Kingdom under the revised U.K.-Canada agreement with some nearly equal concessions which the United States is expected to make in the proposed revision of the reciprocity pact. At the same time it is not suggested that Canada will get these U.S. concessions for nothing, that is to say that the Dominion will not be obliged to give nothing directly but will be accorded an enlarged market in the United States solely on account of what she stands to lose through modification of the existing preference in the British market. This, of course, is where the rub will be. The interests of all Canadian industry, primary and secondary, are involved in the project, and while it is apparently the disposition of the Ottawa Government to protect the primary producer as far as possible, there is as yet no indication of an equal concern for the future of the great manufacturing industries of the Dominion upon which the country depends for the employment of its labor.

The King Government is understood to have pretty well made up its mind not only as to how far it will go in clearing a path for the United States in the British market but as to the precise character and extent of the concessions which it is prepared to give the United States under a revised reciprocity agreement. A great deal will depend upon what these concessions are and the degree in which Canadian industrial progress may be helped or hampered. All that Canadian industry and Canadian labor can do now in this regard is to wait and see, and hope for the best. From other fields of Canadian production protests have already been registered. British Columbia is particularly anxious to retain its market in Great Britain; the apple growers of Nova Scotia are also determined to retain theirs and in neither instance is there any consolation in the prospect of a wider United States market for Canadian fish—not a very lively prospect at the best if Gloucester influence can determine United States policy as effectively as it has done in the past. Canadian apple shipments to the British market in the past season up to September 21 were twelve times greater than in 1936 and four times greater than in 1935, and, according to the Canadian Trade Commissioner in London, the present outlook for this trade is promising, which information is not going to make the Appalachian Valley...



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In its broad scope the enterprise upon which the British, United States and Canadian governments are embarking is of world-wide significance. If it succeeds it will bring the English-speaking nations—Australia and New Zealand are to be included later on—onto common ground commercially. A new link will be forged between the British Empire and the United States. Where there is a common interest there is not only an opportunity for, but an incentive to common action. A political structure may easily be erected upon a commercial foundation, and this, we take it, is not only the thought in the minds of the governments concerned but the motive which they are seeking to realize. It may be the first step in consolidating the political and economic strength of the English-speaking world for the preservation of democracy and the restoration and maintenance of peace. No one will say that such a goal is not worth striving for, not worth some sacrifice on the part of all the people concerned. Through it, the world may again become civilized.



# British Industry Hails Trade Treaty Project

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London, November 18. — (P) — British industry tonight endorsed Prime Minister Chamberlain's announcement to the House of Commons that negotiations were contemplated for an Anglo-American trade treaty.

Forecasts were heard in political circles that negotiations would not be concluded before the end of next March. They take the place of informal and exploratory discussions in progress for some time.

Champions of preferential trade among units of the Empire were disposed, The Associated Press reported, to make necessary sacrifices because of wider political possibilities that might result from an economic link among English-speaking countries.

British industry generally expected to profit under the reciprocal trade agreement, although opposition was thought likely from farmers if the negotiations tend to place further burdens on them.

Mr. Chamberlain's announcement came after 18 months of preliminary discussion among Great Britain the United States, and the Dominions.

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# The Montreal Daily Star

"Canada's Greatest Newspaper"

Founded in 1869

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FRIDAY, NOVEMBER 19, 1937

A NATION'S HEALTH  
— IS —  
A NATION'S WEALTH

### ANGLO-AMERICAN TRADE NEGOTIATIONS

MR. CHAMBERLAIN'S formal announcement in the House of Commons yesterday that trade negotiations are actually on foot between the Governments of the United States and Great Britain is in itself a step of first-rate importance. No such open statement would be made if it were not already fairly certain that the two Governments know now that they will be able to reach an agreement. Whether they will be able to pilot it through the whirlpools of Senatorial criticism in Washington and of the Dominions' fears of its effects on them is quite another matter.

It has long been an open secret, of course, that such negotiations were in progress. They were ready for more or less loose discussion at the Imperial Conference last summer. It is impossible to doubt that the experts on both sides have pretty well explored already what can and what cannot be done. But both Governments apparently think that the present time has some particular fitness for the formal proclamation of this coming together of these two great nations.

No one really doubts that the timing at least is political. The Fascist nations have been putting on exhibition after exhibition of their solidarity. They have done their welding of steel links in public with as much fanfare and fireworks as possible. It is certainly high time that the democracies on the defensive should make some public demonstration of their drawing nearer to each other in the face of common dangers.

\* \* \* \* \*

There can be no two opinions as to the supreme value of closer relations between the British peoples and the American people. If these two mightiest Powers in the world today, with practically identical moral standards and a common passion for freedom and the application of Christian principles generally, could genuinely get together, come to trust each other at least as much as do the Fascist freebooters and so present a common front to the world, they could at least stop the particular bandit raids that are today shocking mankind.

It is equally certain that a trade agreement should help—if it is a good agreement. It should help especially in the United States. One of the most serious obstacles to any real political rapprochement between the British and the American Governments is the feeling of great masses of the American people, far

injury to budding interests in the Dominions as well as in the two "Mother Countries," they will become causes of friction instead of friendship. Such agreements cannot last, and the shock and pain of the subsequent rupture will do far more harm than their temporary establishment will do good.

\* \* \* \* \*

It is really lost time to discuss the subject in detail till we have the proposed agreements before us. We are all heartily in favour of the objectives. Canada could ask no greater boon of fate than that "the Empire to which she belongs" and her "good neighbour" which shares with her this Continent should become the best of friends and act together in all world affairs. Danger of war between them disappeared long ago. Danger of misunderstanding died with the seal dispute. The next step forward would be the positive—not negative—achievement of co-operation in fighting humanity's battle for freedom.

But there are Canadians who feel apprehension that they may be asked to make a contribution that cannot be measured in money—i.e., the abandonment of a dream, if you like, that has been instilled in them for decades that their future, in trade as in sentiment, lies with the British Empire and not with any foreign nation, however friendly. Canada's boast and, indeed, her passport to importance as a nation is the fact that she is a member of the British Commonwealth. We hope that nothing will be done to dim this glory or to raise serious doubts in the minds of our perilously mixed population as to the value of British connection.



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\* \* \* \* \*

For so desirable an end, the Dominions might well be expected to sit down at a common council table and see what can be done. Our Government in Ottawa obviously has this thought in mind when it opens simultaneous negotiations with the Washington Government which are apparently to proceed side by side with those between London and Washington.

The idea is suggested that there be a triple bargain—a bargain in which perhaps Canada is paid for surrendering some advantages in the British market by receiving an equivalent advantage in the American market. It ought not, indeed, to be impossible for two such rich nations as the United Kingdom and the United States to arrange some triangular exchange which will protect our all too precarious trade recovery from disaster.

But it should always be kept in mind that there is no use trying to build amity on discontent. Unless the agreements are carefully drawn to avoid unnecessary or profitless

importance as a nation is the fact that she is a member of the British Commonwealth. We hope that nothing will be done to dim this glory or to raise serious doubts in the minds of our perilously mixed population as to the value of British connection.



Star

BER 17, 1937

# TRADE PACT URGED AS AID TO PEACE

## Lord Luke Stresses Need Of Anglo-American Accord

LONDON, Nov. 17—(C.P.-Havas)  
—Conclusion of an Anglo-American trade treaty as a contribution to world peace was urged today by Lord Luke, chairman of the British National Committee of the International Chamber of Commerce.

"We regard co-operation between the United States and the British Empire as of great and urgent importance, not only for trade, but for the peace of the world," Lord Luke said at the annual meeting of the committee.

In the name of all the undertakings represented on the committee, the chairman expressed "clear encouragement to proceed with the negotiation of an Anglo-American trade treaty."

"Here," Lord Luke added, "is an obvious opportunity to register something which can be called progress and conciliation in the face of the all too general tendency to foment dissension and conflict."

"We are glad that in this we are supporting the Prime Minister's own wishes."

### CHANGES LAID TO BRITAIN

Referring to the need of other countries for trade expansion, Lord Luke said members of the committee were aware that important changes in the structure of international trade had occurred as a result of three British moves.

These were the adoption of a tariff, the break with the gold standard and the development of Imperial preference.

Emphasizing the importance of realizing the implications and multiple effects of a national policy, Lord Luke expressed hope that businessmen of other countries shared with those of Britain a feel-

ing of responsibility regarding their actions.

Changes in the world trade structure, while making more complex the task of extending international commerce, at the same time made it more urgent. Increased world trade was needed not only as a buffer against depression, but also as a softener of political disturbances.

"We, as businessmen," he declared, "can make our contribution to appeasement by urging and consenting to the removal of economic contentions and difficulties."



# ANGLO-U.S. BLOC HELD AS POTENT FASCISM CHECK

Home and Foreign Reactions  
to Proposal Emphasize Point

## GERMAN PRESS PROTESTS

Totalitarian Capitals Fore-  
see Sanctions Effective in  
Curbing Belligerency

By F. C. MEARS.

(Gazette Resident Correspondent.)

Ottawa, November 21.—Both domestic and external reactions to the proposed London-Washington and Ottawa-Washington trade pacts are pronounced and significant. They indicate that the project for a vast triangular tie-up of the three great democratic communities is bound to exert a tremendous influence upon the trend of international politics and trade, that their combined control of over 50 per cent. of the world's business and their possession of at least that proportion of the world's military and sea power should, if wisely exercised, have a stabilizing effect upon the present disturbers of the peace and check the mad career of those nations that think marching armies are a good cure for unemployment.

Already the German press, whose opinions are instructed by the Chancellor, is protesting against the prospect of a more effective Anglo-American economic bloc, and similar expressions may be expected soon from Rome and Tokio. The totalitarian capitals realize that the British Commonwealth, the United States and France, with all her territories, will be more closely linked, that an interlocking of trade treaties added to the present tripartite monetary agreement will enable the democratic nations, should the need ever arise, to impose economic sanctions that would either prevent or stop a war.

Lord Cecil in a radio broadcast from New York last week laid down a plan for dealing effectively with an aggressor. He seldom mentioned the word "sanctions," but his method of preventing or halting hostilities contemplated economic sanctions, and he declared that the policy of economic sanctions in the case of the Italo-Ethiopian fight did not fail, but asserted that had the sanctions been maintained a little longer they would have succeeded. There is little doubt that London and Washington and Paris have decided that the dictators' challenge to pacific-minded peoples, and their combined threat to the security of international trade can best be met by tightening the democratic triangle.

There are certain to be far-reaching political reactions within this Dominion to the project for a triangular trade deal. Already the Conservative leader, Rt. Hon. R. B. Bennett, speaking at Halifax, made it plain his party would make an issue of any proposal that would jeopardize the principle of the British or Imperial preference, for it is expected at least three Dominions—Canada, Australia and South Africa—will be obliged to make certain preference concessions to facilitate the U.K.-U.S. pact. It was stated in London on Saturday that a member of the Chamberlain Cabinet would go to Australia to discuss this question in January.

### OTHER DOMINIONS' STAND.

Australia may be asked to make some concession in meats and wool and South Africa might be expected to let American fruit compete with its oranges in the British market. Whatever those two Dominions see fit to do to make the larger deal possible will not necessitate their making pacts with the United States as is the case with Canada, but there is little doubt Australia and New Zealand will be fairly generously disposed if they feel they will get in return the aid of the United States in removing nightmares from the Pacific Ocean.

Just because Canada's proposed concessions for the U.K.-U.S. deal involve releases of Britain from certain bound preferences and necessitate the early making of a new agreement with the United States, so that this country can obtain its quid pro quo actually in advance of the Anglo-American treaty, Canadian business and Canadian political parties will be deeply interested. Premier Dysart, head of the Liberal Government in New Brunswick, has given the project his blessing on the ground that any move that results in a larger exchange of goods between Canada and the United States is highly desirable.

It is worth bearing in mind, though, that the bound margin on Canadian lumber and timber is of particular value to New Brunswick. That province's products have, ever since the making of the first important deal with Britain at the Conference of 1932, found a large and increasing market in the United Kingdom, even though the larger exports from British Columbia went to the United States, instead of to Britain. While any lessening of the shelter which Britain has given to Canadian forest products to make the U.K.-U.S. treaty possible would have little if



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they have been heartened recently by evidences of popularity of their trade and defence policies. Hon. Ian Mackenzie, Minister of National Defence, is out there leading the Liberal fight and he is making the most of the trade treaties, his defence programme of \$35,000,000 put through last session, and the prospect of a similar outlay this coming session.

On the issue of a new treaty with the United States, linked as it ultimately will be with the larger U.K.-U.S. plan, the Liberals express themselves as confident. No longer, they argue, can there be attempts to charge that truck and trade with the United States is treason to the British Commonwealth, for in this particular case the initiative was taken by Britain. They point to their renewal and extension of the pacts with Britain and the Antipodes as an evidence of their desire to preserve in a tangible, economic way the ties of the Commonwealth, but they also contend that the Commonwealth in the present world situation is not sufficient to take care of itself, that a close banding of the three democratic communities is necessitated by the totalitarian challenges.

The Conservatives in the coming session are bound to protest vigorously against what they regard as a grave menace to a powerful economic and political organization constructed on the foundations of Imperial preference. They will contend that what may be called a commercial treaty between Britain and the United States is merely the exchange by Britain of tariff concessions from the Dominions for political support from the United States, in a new attempt by peaceful means to make the dictators behave. They will deny the wisdom of involving the Dominions in the Anglo-American deal.

## **Australia Plans U.S. Pact**

**By R. L. CURTHOYS.**

(Wireless to The New York Times and The Gazette.)

Canberra, November 20.—It is learned here that when the Australian Cabinet shall have been reconstructed next week, Premier Lyons will ask it to consider making overtures to the United States for a trade agreement. Treasurer R. G. Casey, when he visited Washington on his return from the Imperial Conference, was informed that as soon as Anglo-American discussions had reached a point where announcement of formal negotiations would be possible, exploratory discussions between Washington and Canberra would then be in order.

All these negotiations, it is understood, will bear important relations to proposals emanating from the United Kingdom and Australia for revision of the Ottawa agreements, which will be effected next year.

Urgently needed here, it is felt, are additional drastic revisions on wool duties, wherein graziers see Government opportunities of aiding them.

It is also hoped that prohibitive United States duties on meat may be adjusted to allow of freer import from Australia. Fresh efforts will probably be made to find an outlet for Australian wines in the U.S. The feeling prevails that since American and Australian fresh fruit seasons do not coincide, the Commonwealth could obtain valuable fruit markets in the United States if only the customs quarantine restrictions could be satisfactorily adjusted.

In reciprocity Australia would abandon trade diversion restrictions, providing a large market for American manufactured goods.



# Accord Expected Early Next Year

## Canada Unlikely to Lose Imperial Preference Benefits

### DOMINIONS MAKE CONCESSIONS

## Chamberlain and Hull Announce Formal Negotiations Contemplated

LONDON, Nov. 18—(U.P.)—Premier Chamberlain announced in the House of Commons today that informal discussions with the United States on a reciprocal trade pact had reached the stage where it is possible to announce that formal negotiations are contemplated.

"This announcement marks a definite step forward," Mr. Chamberlain said.

British financial quarters predicted that the agreement might be concluded by next spring.

Replying to a question by Clement R. Attlee, Labor leader, Mr. Chamberlain said:

"I am very happy to be able to inform the House that informal explanatory discussions with a view to reaching an agreed basis for negotiation of an Anglo-United States agreement have now reached a point where the Governments of the United Kingdom and the United States feel able to announce that negotiations for such an agreement are contemplated.

#### Says Announcement Marks Definite Step

"As my Right Honorable friend the president of the Board of Trade indicated to the House in debate on the (Royal) Address, this announcement marks a definite step. I feel sure the House will warmly welcome this further step towards agreement between the two Governments."

Expectations that the treaty might be concluded by spring were held as a result of large concessions made by British Empire countries which enabled experts of Britain and the United States to reach the basis of an agreement.

Today's announcement by the United States State Department likely foreshadows the start of formal negotiations, it was asserted.

During the Imperial conference here last May several Dominions, notably Canada, Australia and New Zealand, strongly opposed the proposed Anglo-American pact if it involved whittling down the Imperial preferences agreed upon at Ottawa in 1931.

Private talks since the Imperial conference, it was said, have modified the Dominions' opposition, which was understood to have been confined mainly to Canada's unwillingness to make concessions on lumber, apples and fruits, which compete directly with similar United States products. The South African opposition was said to have been brought about by reluctance to see South African raisins exposed to increased United States competition in the British market.

The British negotiations delegation may be headed by Right Hon. Oliver Stanley, president of the British Board of Trade, it was said, although some financial circles reportedly were anxious to have as chief delegate some prominent public man not necessarily connected with the Board of Trade.

#### Secretary Hull Makes Washington Announcement

WASHINGTON, Nov. 18—(U.P.)—Cordell Hull, United States Secretary of State, announced today that the United States contemplates negotiating a reciprocal trade agreement with Great Britain.

The negotiations will be the most important since the negotiation of trade agreement was initiated nearly four years ago. Great Britain is the United States' best customer and exercises much influence on world commerce and international political affairs.

A trade agreement with the British Empire was considered a keystone of the reciprocal trade agreements program and an important step in Hull's world peace program.

Conversations between representatives of the two Governments have been going on for months. So important have State Department officials considered the proposed treaty that they have shrouded the conversations with the greatest secrecy. Only yesterday they branded as "premature" published reports that announcement of intention to negotiate a treaty was imminent.

With this denial was issued the decision to issue the preliminary announcement of intention to negotiate had been reached by British and American officials, and the announcement was being mimeographed in the State Department.

#### Asks Interested Persons

Foreign Minister, to Washington, to confer with President Roosevelt.

The London newspapers this afternoon anticipated Mr. Cham-



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### Asks Interested Persons To Submit Suggestions

Hull's announcement invited "interested persons to submit suggestions as to the products that should be considered.

"This preliminary announcement," it continued, "which is made with a view to obtaining suggestions from interested persons in the early stages of the discussions, should not be confused with the formal notice of intention to negotiate, regularly given. The formal notice will be issued at a later date, after receipt of the proposals of the Government of the United Kingdom, at which time there will also be made public a list of products on which the United States will consider granting concessions to the United Kingdom.

"The purpose of this preliminary announcement is to provide notification at the earliest possible date that negotiations are contemplated, in order that interested parties may have an opportunity to suggest the import or export products which, in their opinion, should be included in the negotiations.

"The United Kingdom is the largest foreign market of the United States. Our exports to that country in 1936 were valued at \$440,122,000, and accounted for nearly 18 per cent of our exports to all countries in that year.

"As a source of imports into the United States, the United Kingdom was second only to Canada in 1936, supplying about eight per cent of the imports from all countries. Imports from the United Kingdom in that year were valued at \$200,385,000, as compared to \$155,282,000 in 1935, and \$329,751,000 in 1929.

### Preliminary Figures Show Further Recovery

"Preliminary figures for the first nine months of 1937 indicate a still further recovery of our trade with the United Kingdom. The export figure represents a gain of nearly 16 per cent over that for the corresponding period of 1936. A similar comparison of import figures for the same period shows a gain of 14 per cent."

Hull said, the Ottawa agreements among British Empire countries had been one of the stumbling blocks in attempts to negotiate a trade agreement with the United Kingdom. This difficulty has been surmounted, he indicated.

During the next few weeks the chief activity will be suggestions by various American industries and individuals as to the products which should be listed in the proposed agreement.

The listing of products, Hull emphasized, does not necessarily mean that tariff rates will be changed in any way when the treaty is concluded. It means that these products will be considered, he said.

### Treaty Seen As Part Of General Trade Readjustment

Special Cable by J. E. Poole, The Star's Resident Correspondent.

LONDON, Nov. 18—That there is more than meets the eye in the announcement of Premier Chamberlain in the House of Commons of the progress of the Anglo-American negotiations for a trade treaty, may be found in the comments appearing in London newspapers. These suggest that the Anglo-American treaty would be only part of a more general trade readjustment, which would be in the nature of an answer to the pact made by the totalitarian states.

Some papers suggest that the democracies have decided that it is necessary to make a reply to the ability of Germany, Italy and Japan to unite in formulating a program for themselves.

There has been discussion of extending the Anglo-American talks to what is known as the Oslo group of nations and include Belgium, Holland, Sweden, Norway, Denmark and Luxemburg. In this connection it would be well not to look upon King Leopold's present visit to London as being altogether diplomatic in nature. The tendency of the day to link diplomacy more and more with trade has probably something to do with the Belgian Monarch's presence here. It may also account for the recent visit of Halvan Koht, Norwegian

Foreign Minister, to Washington, to confer with President Roosevelt.

The London newspapers this afternoon anticipated Mr. Chamberlain's statement in the House by almost assuming that the trade pact was more than half-way achieved.

### Newspaper Headlines Show Interest Observed

Sweeplines showed the interest displayed here.

The Evening News said: "Britain and U.S. To Make Pact."

The Star: "Britain and U.S. Making Pact."

The Standard: "Trade Pact with America."

The announcement did not go without some opposition. L. S. Amery, Conservative Imperialist and former Cabinet member, in a speech to the annual meeting of the Empire Industries Association, said:

"I can hardly imagine such an agreement as likely to revolutionize America's outlook on foreign affairs so that she will be willing to do battle either for us or the League of Nations in Europe or the Far East. Such a treaty is desirable in itself with any great country but cannot have the slightest effect on the world's economic policy."

### Canadian Preference Unlikely To Suffer

OTTAWA, Nov. 18—(Star Special by Staff Correspondent)—Regarded here as most interesting in Washington dispatches today is the suggestion that the proposed Anglo-American trade agreement will be between Great Britain and the United States alone, and that, to any extent to which the British Dominions are affected, separate treaties might subsequently be negotiated.

There have been some disturbing reports as to the effects upon the Canadian preference in the British market which an agreement between the United States and Great Britain might produce.

The Dominion Government has been made fully aware of these and, while it gives every encouragement to the idea of an Anglo-American trade pact, because of the broad effect hoped to be exercised in the world situation, there is reason to believe that the disposition is not to relinquish any substantial benefits now enjoyed by Canada in the British market. Certainly this would not be done without some corresponding concessions to Canada in the American market.

No reason is found here, however, why it would not be possible to negotiate a treaty between Great Britain and the United States without interfering with the bound margins of Canadian preference at all. It is pointed out that when Canada negotiated a reciprocal trade treaty with the United States in 1935, it was specifically stipulated that the preference enjoyed by Great Britain in Canada under the Ottawa agreements of 1932 would not be adversely affected. If this is possible in the present instance, any objections from Canadian interests would, it is thought, be removed. The general sentiment, it is believed, would be strong for an Anglo-American alliance, particularly if it called for no material sacrifice on the part of Canadian producers.



# ANGLO-U.S. PACT ANNOUNCEMENT EXPECTED SOON

## British Envoy to Washington Confers With Hull's Aide

### CANADA, SALVADOR SIGN

### Agreement on Most-Favored- Nation Basis Announced

by Euler

By BERTRAM D. HULEN.

(Special to The New York Times  
and The Gazette.)

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While officials were close-lipped  
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tention.

Difficulties and objections within  
the Cabinet had to be reconciled,  
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prospect became a virtual certainty  
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#### CO-OPERATION IS KEYNOTE.

It was reached broadly on the  
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Washington, November 17.— Announcement by Great Britain and the United States that they contemplate negotiation of a reciprocal trade agreement is expected momentarily as a result of a visit by Sir Ronald Lindsay, the British Ambassador, to the State Department late today. He went there for a conference with Francis B. Sayre, Assistant Secretary of State in charge of the trade-agreements programme.

While officials were close-lipped as to the significance of the Ambassador's call, the accumulating evidence of recent days, with the discussion between the two governments reaching a most active stage both here and in London, lends support to the conclusion that a formal announcement is at hand. The agreement would cover the United Kingdom.

When an announcement is made it will mark the climax of Secretary Hull's programme of liberalizing trade relations among nations, for it has always been recognized that for the policy to be a real success Great Britain's adherence was essential.

The impending step is of broad significance, for it marks a policy more than a trade decision by the British Cabinet for close collaboration with the United States. Experts of the two governments spent nearly a year exchanging views and suggestions on details of rates and commodities before the British Cabinet took the issue out of the hands of the Board of Trade a few weeks ago and gave it direct attention.

Difficulties and objections within the Cabinet had to be reconciled, but with Neville Chamberlain, the Prime Minister; Captain Anthony Eden, the Foreign Secretary; Oliver Stanley, President of the Board of Trade, and others favoring it, the prospect became a virtual certainty that a favorable decision would soon be reached.

#### CO-OPERATION IS KEYNOTE.

It was reached broadly on the basis of a policy of co-operation with the United States, even if to negotiate a trade agreement would make necessary some modification of the Ottawa Agreements. That policy of co-operation includes the United States, Great Britain and France.

It is felt that there will open before both countries, as events unfold, opportunities for collaboration in other economic fields, as the political relations of the two countries are even more closely cemented.

In the field of trade an agreement will give strong impetus to the programme for lowering trade barriers, and yield benefits to each country, it is believed.

It will presumably result in concessions by Great Britain to American agricultural products, which will assure a larger world market for farmers of the United States and, as a result, presumably bring political support to Secretary Hull's programme from areas where it has been under severest attack.

It will, on the other hand, provide for concessions to Great Britain for her manufactures and thereby increase her participation in the American market.

These two prospects seem assured, for the path to an agreement, unlike most of those that have preceded it, has been well explored. From this standpoint, an announcement that the negotiations is contemplated will carry more significance than heretofore on some other agreements.

The normal procedure, however, is expected to follow. Further study will be given to the issues. After announcement has been made that the negotiation is contemplated. Hearings will be set for American interests to be heard before the Committee for Reciprocity Information.

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How the negotiation may affect the British Dominions has not been indicated. Reports have been published that the negotiation might contemplate a broad agreement for the Empire, rather than for the United Kingdom, or that it might be followed shortly by separate agreements with Australia, New Zealand and South Africa, and even a new agreement with Canada to replace that in operation.

While the Hull programme has always contemplated agreements with all governments, it is believed that developments with respect to the Dominions will require more consideration before active measures can be taken in respect to them.

The possibility of trade agreement with the United Kingdom was first explored seriously and in some detail more than a year ago and received impetus later from the visit here of Walter Runciman, then President of the British Board of Trade. But the latter's discussions did not proceed beyond the point of both governments deciding that an agreement would be desirable, which was considerably short of finding that a basis of negotiation existed.

The exchanges of views and suggestions among experts were then resumed but lagged seriously, with long gaps occurring, until Captain Eden declared a few weeks ago in the House of Commons that he hoped an agreement would be reached.

That declaration, which represented the attitude of the Cabinet and marked its direct intervention in the situation, resulted in the immediate speeding up of exchanges of official views, until a few days ago the discussions entered the extremely active phase pointing to the imminence of an announcement.



# U.K., U.S. SPEED TRADE BARGAIN

## Agreement on Possibility of Arranging Treaty Sought

### Negotiations in Active Phase in London, Washington— Expect Announcement Soon

By **BERTRAM D. HULEN.**

(Special to The New York Times  
and The Gazette.)

Washington, November 15.—Discussions between Great Britain and the United States over whether it will be possible to reach an agreement to attempt the negotiation of a reciprocal trade agreement between this country and the United Kingdom have entered an extremely active phase.

They are proceeding simultaneously here and in London but have not yet reached a definite point. It is possible, however, that an announcement may be made soon.

The question was recently taken up directly by the Cabinet in London, whereas previously it had been handled by the Board of Trade. Since then there have been important exchanges between the two governments with Secretary Hull giving his personal attention to them since he returned last Friday from a vacation in Pinehurst, N.C.

The issue for the present is of a general character, namely, whether the two governments feel that they would be justified in the light of all the circumstances of officially announcing an intention to negotiate.

Should that be done, there would still be the question of whether negotiations would result in a reciprocal trade agreement.

While it is fully recognized that the present deliberations may result in a conclusion that it is inadvisable to attempt to negotiate a trade agreement at this time there is considerable optimism in both capitals leading to the belief that a favorable announcement may be forthcoming. Such an announcement would be made either here or in London, or simultaneously in both capitals. The form has not yet been considered.

In the past few weeks London has been consulting the Dominions on the issues, which presumably would require some modification in the system but not the principle of Empire preference, in order to provide opportunity for some concessions to the United States on agricultural products. American concessions to Great Britain would fall largely within the categories of manufactured products.

A reciprocal agreement directed to these subjects would redound to

the advantage of the American farmer while permitting the United Kingdom a larger cut-in on the American market.

Broadly, however, it would be significant in its political aspect of pointing to closer collaboration between the two great English-speaking countries, a collaboration, which, following the tripartite monetary agreements, could in time be expected to bear fruit in many directions.



# ANGLO-U.S. TREATY REMAINS REMOTE

Failure of Washington To  
Issue Report Reveals  
Delay

## CANADA AFFECTED

Ottawa Watches Moves,  
Fearing Intra-Empire  
Trade Violation

OTTAWA, Nov. 13—(Star Special by Staff Correspondent) — In the wealth of speculation, apropos of a trade agreement between Great Britain and the United States involving Canada vitally the salient circumstance is that, officially, they have not yet "got to first base."

If, after months of talk about it, they had arrived at anything definite, then, by the provision of the United States law, the fact would have to be promulgated.

Their system is much more cautious and involved than are those of Great Britain or of Canada. Four essential steps are prescribed, and they need to be taken in public.

First, there must be an announcement that an agreement is "contemplated." No such announcement has been made.

Second, when the contemplated agreement approaches the form of actuality, there must be published a list of the principal commodities of trade between the United States and the country with which the agreement is proposed. Suggestions about the plan are invited.

Third, an announcement is next made, formally, of the intention to "negotiate" a treaty and of the list of commodities proposed to enter into it.

Fourth, a "reasonable time" is then prescribed for the presentation of written submission and also a "reasonable time" for oral hearings. Undoubtedly, there have been "conversations" and "exploration" but the suggestion about first base not being attained is due to the fact that, of the four official steps prescribed, the initial one is yet to be taken. Announcement is lacking that an agreement is "contemplated."

## UNHURRIED MOVES

The subsequent processes disclose what an unhurried business it would be to conclude a treaty.

Just how far the exploration parties may have got cannot be stated because at Ottawa probably only one statesman and one official really know and with that the vow of silence involves no pain. On the record, it is evident, however, that the progress is not very far.

The practical economic question is whether these supposed influences would justify the price to be paid in any surrender, or modification, of the preferential system of the British Empire.

If, on any such basis, an agreement should be concluded, with the Canadian preference affected, it would, literally be "over the dead bodies" of apple growers in the Annapolis and Okanagan Valley and also of Canadian lumbermen. So far as Nova Scotia apples are concerned, the situation, indefinite as it is, becomes one of embarrassment for Hon. J. L. Ilsley, Minister of National Revenue in whose constituency apples are the whole productive industry. Much agitation is being stirred up by meetings, in protests to Ottawa and to the Nova Scotia Government. Moreover, the British importers who take practically the whole crop, are urged to "work on" the British Government at their end.

And, out in British Columbia as Hon. Ian Mackenzie can testify, there is a similar condition among the apple growers and lumbermen.

Reports of "substantial progress" being made may be true depending upon what the term means. When, however, it is not thought sufficient to justify even the most preliminary of notices, namely that something of the sort is "contemplated," the apprehension displayed in spots, may be wholly premature if not unfounded.



# CANADA STANDS TO GIVE UP MOST IN U.K.-U.S. PACT

## None of Dominions Shows Any Readiness for Sacrifice

### FREEDING BOUND MARGINS

#### High Ottawa Circles Hold Political Gain to Empire Offsets Economic Cost

By F. C. MEARS.

(Gazette Resident Correspondent.)

Ottawa, November 8.—Either the United States has greatly reduced its demands or Owen Stanley, president of the British Board of Trade, when he spoke in the House of Commons early last week, was indulging in "hope talk" over the proposed commercial treaty between the two countries, for there is no evidence yet that the three Dominions most interested—Canada, Australia and South Africa—are ready to hand over the keys and release Britain from certain important bound preferences.

It was recognized at the Imperial Conference in June that little could be done about a U.K.-U.S. treaty unless and until the three Dominions released Britain from the bound margins on such natural products as fruits, lumber, meats and wheat, and while the governments of the Dominions admit great political advantages might accrue to the British Empire from having the United States linked with the Commonwealth in a formal trade pact, they also foresee serious political danger for themselves in making such a treaty possible.

Premier Mackenzie King is believed to be strongly persuaded that the political value of such an alliance exceeds the economic cost to this Dominion of profoundly disturbing the foundations of the Imperial preferential system of tariffs, but opposition to this proposal has already been heard from British Columbia, New Brunswick and Nova Scotia. Primary producers in those provinces do not want to see their sheltered market in Britain jeopardized, even for the closer cooperation of the United States.

Of the three Dominions, Canada would be called upon, if the project were to be undertaken, to pay the greatest price. South Africa would be required only to forego some of her British preference on oranges, and Australia might face partial loss of her meat and fruit business, but Canada would, as its share, be obliged to release Britain partially or wholly from the bound margins on such important commodities as apples, lumber, wheat and certain meats.

#### WEST DISLIKES PROSPECT.

It may be suspected that the farmers of the Prairie Provinces would not relish the prospect of lessening the British shelter for their grain. A prominent Winnipeg paper has more than once lately sought to clear the atmosphere for fiscal concessions that would facilitate the United Kingdom-United States treaty, but it will be unable to convert its prairie readers, who are as vigorous protectionists when it comes to selling their products as they are low-tariff people when buying.

Urging the political importance of the United Kingdom and the United States being linked in a commercial pact, the moral effect it would have upon the situation in Western Europe and upon Japan (Australia, it is said, would welcome such an alliance to lessen the "yellow peril"), the Winnipeg paper advises against further delay because, with the approach of Congressional elections next year, local pressure in the United States might make it difficult for that Government to conclude a deal with Britain.

The United States, however, has been the prime mover in this project. Its eagerness has been manifest from the beginning, but the conversations in London last summer made it clear that it is up to the Dominions to say whether or not the deal should go through. It cannot be concluded without a disturbance of the Imperial preference system, and the price for the deal will be paid only by the Dominions. There is little that Britain itself can offer to the United States in the way of fiscal concessions.

A sheltered market in Britain for natural products of the Dominions is to be traded for whatever political advantage might go to Britain from a formal pact with the United States. That seems to be the central feature of the proposed deal. Canadians favorable to the proposal say that this country might in the three-cornered negotiations get two or three concessions from the United States, such as a reduced duty on codfish and more generous quotas on Douglas fir (for British Columbia) and better terms of admission for western cattle.

It is also argued by the advocates of the scheme that as the British Commonwealth and the United States combined have more than one-half of the total foreign trade with Japan, a linking of the Commonwealth and the Republic would make it possible, if deemed expedient, to exercise effective econo-



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There is another argument against any hasty measure by this

Dominion to facilitate a trade deal between Britain and the United States. A year hence this country will have to think about the renewal of the reciprocal treaty with Washington, which became effective on January 1, 1936, with three years to run. It is contended this country would be in a better position to bargain with Washington directly than indirectly through the three-cornered deal which the proposed U.K.-U.S. treaty would involve.

The prospect that negotiations will attend the renewal of the Canada-U.S. treaty in the fall of 1938 is also cited as a reason why the King Government in the next few months should turn a deaf ear to the vehement demands from Western Canada, already heard in many quarters, for further substantial tariff cuts, with special attention to the textile schedules. Prairie politicians are asking that these schedules be all put down to the intermediate tariff level. They will also make a drive for further cuts in the duties on certain farm implements.

These same low tariff people from the West are pleased with the gains that went to them from the treaty with the United States, and yet if their present demands were met the renewal of that pact a year hence on terms advantageous as those of the fall of 1935 would be almost impossible.

#### TREATY METHOD TO CONTINUE

From the other side of the tariff argument there have come protests against the policy of tariff-making by treaties, but it has become apparent that unless some of the important trading nations profoundly change their ways this method of facilitating international business will continue. It is complained that treaties have the effect of leaving the tariff tied at the top but not at the bottom, that either party to a pact may lower a duty but not raise the duty.

This trouble began in 1932 with the many agreements concluded at the Imperial Conference in this city. It was a kind of fiscal policy which the Bennett Government found to be necessary to effect worthwhile agreements between the members of the British Commonwealth, and an illustration of its operation is furnished in an application now before the Tariff Board. A textile-company in Quebec province wants a reduction on the rate against certain goods from Britain which are raw material for that firm but which are finished material for other Canadian plants. The particular tariff item is one of the "bound" items in the Conference agreement with Britain. This duty may be lowered to help one Canadian firm but it could not be increased to aid some other Canadian plants.

The fiscal rapacity of prairie farmers, the warranted anxiety of natural producers in British Columbia and the Maritime Provinces for the continuance of their sheltered market in Britain, and the unwavering opposition of the Eastern industrial interests to any disturbance of the British preference system, all present an almost insuperable political obstacle to any steps by the King Government to facilitate the U.K.-U.S. proposed trade treaty. Canadians are not likely to consent to such an economic sacrifice unless it were to aid in extricating Britain from some grave political difficulty in Western Europe, and that situation



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TUESDAY, NOVEMBER 9, 1937

A NATION'S HEALTH

— IS —

A NATION'S WEALTH

## CANADA AND THE BRITISH-AMERICAN TRADE AGREEMENT

THE tariff negotiations that are undoubtedly in progress between the British and American Governments are creating not a little perturbation in Canada. The general opinion seems to be that, if the British Government makes important concessions to the United States, they must be to some extent at the expense of local Canadian interests. Naturally, these local Canadian interests which now benefit greatly by preferred treatment in the British market are asking to what extent they are to be treated as "sacrificial goats."

If the negotiations were to be conducted strictly on trade lines, there would be little ground for complaint. The British people have every right to trade where they can find the greatest profit—and so have we. But, fortunately or unfortunately, powerful political currents affect the discussions from more than one side. When we in Canada talk about preserving the Ottawa Agreements, we are not only trying to keep what advantages we have in the British markets but we are also conscious of striving to maintain one of the strongest bonds that hold the Empire together.

On the other hand, the statesmen who are burdened with the anxious task of protecting this same British Empire against outside aggression are equally conscious that an enhanced trade with the United States should tend to bring these two great Anglo-Saxon countries nearer together in the international arena. This is a consummation most devoutly to be desired. It is just as important to the United States as to Great Britain, but the British are much more aware of it. There are millions of people in the British Empire who are as far advanced in understanding this truth as is President Roosevelt and, we fear, far too few of his fellow-countrymen.

\* \* \* \* \*

The danger is that when statesmen sit down to discuss trade agreements with their minds aflame with these mighty international issues, they are too apt to consider buying and selling and profits as incidental and the effect on national feeling as paramount. Statesmen are perhaps the wrong people to negotiate trade treaties. This job should be left to business men. But under our systems of government in all three countries, we are only too likely to get neither. It is often left to politicians.

We are told that Australia is much more

co-operation in world affairs. But they will first want to know that the sacrifices are necessary and, secondly, that the co-operation will be forthcoming. The attitude of the American delegation at Brussels, in the face of flat Japanese defiance and Mr. Eden's challenging pledge to go as far as Washington will, does not encourage us to hope that it will take any very practical form. Here is a case in which the ultimate perils of the United States are far graver than those of Great Britain, and yet Eden's challenge has not yet been accepted.

Another point to be remembered is that it is necessary for every one of these democratic governments to do nothing that will ensure their subsequent defeat at the polls on the ground that they have given too much away. Nothing could be worse than to build a splendid State policy on a blundering trade agreement that brought injury, irritation and resentment. It would be a decided disservice to either Imperial unity or British-American amity for a government to identify itself with some long-visioned plan that alienated so many local interests that it lost the next elections on this very ground. The Canadian, the American and the British peoples must be carried along, convinced and contented, in support of any idealistic programme.

After all, there is no use talking nonsense about it. The United States is not going to fight any British war because the British people buy Oregon apples. The British Empire, on the other hand, is not going to fly to pieces because it is found that Mr. Bennett drove too good a bargain at the Ottawa Conference. The partners in the British Empire dare not go separate ways while the highways of the world swarm with armed foot-pads. Nor will the Americans be long in learning that a combination of foot-pad nations, strong enough to carve up the British Empire, will next gloat over the prospects of a fat feast on the fabulous riches of North America.



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We are told that Australia is much more ready than we are to make sacrifices in order to promote British-American trade. This is only natural. Australia's interest in a British-American "entente" is much greater than ours, in spite of the fact that we are nearer to the United States. Australia is one of the most exposed salients of the British Empire when we envisage the aggressor as Japan plus a conquered China. She will sorely need American support in her day of trial.

And has it occurred to any one that all of Australasia with its pronounced Socialistic character and history is an ideal target for the new Triple Alliance of Communist "witch-hunters" if they should happen to find it suit their schedule of world conquest to attack these sparsely populated islands? A nation which can picture anti-Communist Chiang Kai-shek as a Communist menace would have no trouble in painting progressive Australia and New Zealand as nests of "red" revolution.

\* \* \* \* \*

We in Canada are all for American friendship. But we have never found that the way to win American friendship is to follow the example of the sychophantic school child who lays a big rosy apple—from the Okanagan or the Annapolis Valley preferred—on "teacher's desk." The Americans like people who stand up to them and play the game.

Canadians are undoubtedly willing to make trade sacrifices to secure British-American

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# EMPIRE INTERESTS MUST BE GUARDED

## Times Comments On Proposed Anglo-U.S. Trade Treaty

LONDON, Nov. 8—(C.P.-Havas) —The necessity for guarding the interests of the Dominions in the proposed Anglo-American trade treaty was stressed in an editorial in the Times today.

The newspaper said that there is "every hope" that one of the main difficulties in the path of the treaty—the fact that some of the concessions most desired by the United States would be at the expense of the Dominions—will be overcome in view of the goodwill which exists on both sides.

"It would be bad business to penalize our best customers without arranging that they should receive adequate compensation by some three - cornered arrangement," the Times said.

The newspaper underscored the need for expediting discussions aimed at the conclusion of the commercial accord, declaring: "There is no need at this time to dwell upon the importance of seizing every opportunity of extending the field of Anglo-American co-operation."

### HAS PACIFIC INFLUENCE

"It is impossible to exaggerate the pacific influence of international trade," the Times added. "If countries with a common language, common traditions and common outlook upon world affairs cannot find some basis for economic co-operation between themselves, what chance is there of securing any general agreement among countries divided by all manner of differences and held apart by obdurate mutual fears and suspicions?"

"It is true there are difficulties in the way which are only made the greater by the unfortunate persistence with which some critics of this country put all the blame for delay on the British Government as if they were less eager than the American Government to facilitate an increase in trade between the countries.

"The plain fact is that Great Britain already buys so much from the United States that she cannot afford to buy more without the prospect that Americans in their turn will increase the comparatively small amounts of goods they now purchase from this country.

"The present British tariffs are much lower than the American tariffs. Great Britain buys from abroad, per head of population, five times as much as the United States, and is purchasing from the United States more than 2½ times as much as she sells to that country. British negotiators must be reluctant to see the exchanges between the two countries made even more one-sided than they are already."