

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Second Session — Eleventh Legislature
29th Day

Tuesday, March 28, 1950.

The House met at 3 o'clock p.m.

TRADE AND CURRENCY BARRIERS

Moved by Mr. Erb, seconded by Mr. Thair (Lumsden):

“RESOLVED. That this Assembly urge the vigorous leadership be given by the Dominion Government to the nations of the world in removal of trade and currency barriers and in developing long-term trade agreements which will effect an equitable distribution of world food supplies; and that the said Government immediately instruct the Canadian delegates to the Food and Agriculture Organization of the United Nations to actively support and promote the underlying principles of the International Commodity Clearing House proposal.”

Mr. J. Walter Erb (Milestone): — Mr. Speaker, the Resolution I bring to the House, this afternoon, deals with matters of great concern to producers of primary agricultural products and in the ultimate sense, of great concern to every Canadian citizen.

Hon. members will probably recall that I dealt with much the same subject, last year, at which time I endeavoured to show that the trade policies that we were following at that time would undoubtedly lead to accumulation of agricultural surpluses. Now, needless to say, the accumulation, or the beginning of accumulating, surpluses has become an alarming fact. The problem of surpluses is one that bedevils not only Canada, but our good neighbour to the south as well. It is a problem of the greatest significance to our economic survival, and it is one that, I believe, must soon be solved if we are to escape its consequences.

The world today is divided into two parts: on the one hand there is an ever-increasing amount of food that we in this half of the world are producing which is finding its way into storage; on the other hand there are ever-increasing evidences of want to the point of famine in the other half of the world. Now it is obvious, Mr. Speaker, that we of Saskatchewan

March 28, 1950

must view this unnecessary development with great concern. The indications are that those who are in need of food cannot and will not be able to buy it from those of us who have it and produce it in such abundance.

We read and hear a great deal about defence. It is astounding that 37.5 per cent, of the total American budget is being spent for defence. The total American budget is some thirty-seven billion, fifty-seven million dollars. About twenty-five per cent of the Canadian total budget is being spent on defence. In other words, the United States is spending some \$13,799,000,000 on defence purposes, while Canada is spending about \$500,000,000.

Now, Mr. Speaker, I am not debating whether such drastic expenditures are justified or not, where peace is concerned; but I submit that, if we are to build the peace of the world on a permanent and lasting basis, we must begin treating the ills of the world and not its symptoms. Not until we have satisfied the basic need of food and clothing and shelter of the starving peoples of the world shall we establish a lasting peace.

I submit, too, Mr. Speaker, that we are in an infinitely better position to make war on hunger and disease and hopelessness than we are in the position to resist with force the spread of totalitarianism. It is my firm conviction that if we make an all out effort against hunger, disease and hopelessness, we will, at the same time, have removed the basic cause of totalitarianism and war. If we are prepared to spend billions on defence and thereby have no sure guarantee of peace, should we not, therefore, be prepared to make every effort and, if necessary, every economic sacrifice to bring about the distribution of our surpluses and thereby minimize the basic cause of our gigantic defence appropriations?

It is for the reasons which I have outlined, Mr. Speaker, that I bring this Resolution to this House, in order that this Assembly, representing in large part agricultural communities, might make its contribution not only to the agricultural economy of Canada, but to the welfare of the world in general.

To enable hon. members and listeners to follow what I have, subsequently, to say, I shall, with your permission, read the Resolution:

“That this Assembly urge that vigorous leadership be given by the Dominion Government to the nations of the world in removal of trade and currency barriers and in developing long-term trade agreements which will effect an equitable distribution of world food supplies; and that the said Government immediately instruct the Canadian delegates to the Food and Agriculture Organization of the United Nations to actively support and promote the underlying principles of the International Commodity Clearing House proposal.

In the past, Mr. Speaker, especially during the war years, Canadian agriculture demonstrated its productive potentiality by unprecedented food shipments to the United Kingdom. The post-war era began with Canada linked to the United Kingdom by food contracts. Today these food contacts upon which our economic prosperity depends have largely disappeared

with the result that only four remain, those being bacon, cheese, eggs and egg products. Now the threat of diminishing foreign markets for our food and a general reduction of prices is already upon us. Sales of wheat to the United Kingdom have been consistently high, but a decline was registered in our latest wheat crop shipment. If we consider only wheat, the threat to Canadian agriculture of diminishing markets is not really too apparent; but when we consider the sharp reduction of Canadian bacon, beef, eggs and egg products, we cannot help but conclude that the United Kingdom is being forced to seek elsewhere for her food requirements.

July, 1950, Mr. Speaker, will become a very important year for Canadian agriculture. At that time the Canadian wheat contract with the United Kingdom expires, and a new contract will have to be made. There is no assurance that the United Kingdom will be able to buy as much wheat from Canada as she has in the past. The dollar-earning difficulties of the United Kingdom continue. In 1952 Marshall aid will, of course, terminate, and as a result, the United Kingdom will not have this dollar aid which, in the past, was used to aid her in her Canadian wheat imports. Due to her dollar difficulties, and in anticipation of further dollar difficulties, the United Kingdom has found it necessary to obtain large portions of her food requirements elsewhere, or out of the dollar area. This is very clearly illustrated by certain trade agreements that she made last year. I have in mind the agreement that she made with Yugoslavia. This contract called for – among other things – eggs and bacon. She also negotiated a \$524,000,000 agreement with Poland for the same agricultural commodities. There is no assurance at the present time, Mr. Speaker, that the United Kingdom will not turn to the Soviet Union for her future wheat requirements. Unless the United Kingdom is given the opportunities to earn dollars with which she might buy our wheat, she might have no other alternative. In the light of the United Kingdom's dollar difficulty we have every reason to believe that to re-negotiate a wheat contract with the United Kingdom in the coming year is going to be a very difficult task indeed. We must, therefore, Mr. Speaker, be prepared to make every concession possible in order to enable the United Kingdom to earn as many dollars as she is able. What I have said relating to Canada's trade relations with the United Kingdom applies to other nations, who, under the International Wheat Agreement, may become customers of Canadian agricultural products.

The agreement among wheat-producing countries and wheat-importing countries appears, on the surface, to assure Canada a market for a large part of their agricultural production. If, however, the dollar shortage continues – that is, the dollar shortage of the importing countries – and if no concerted effort is made by us to enable these countries to earn dollars by accepting their exportable goods, then the provisions of the wheat agreement will have no effect. As a result, Mr. Speaker, those countries will be forced to obtain their food in countries where they can pay for them out of a freer flowing trade.

There are growing indications that this development has already begun. The American wheat surplus of 908,000,000 bushels of wheat is an indication, undoubtedly, that the countries that require this food are not able to pay for it. The mounting surpluses in this part of the world of wheat, as well as of vast quantities of eggs stored in caves and potatoes that are unmarketable, justify the apprehension that we are, today, in a parallel position to that of 1929.

March 28, 1950

A report of the Food and Agricultural Organization of the world, dated November, 1949, makes this striking observation:

“The neglect of sagging agricultural prices and accumulating surpluses in a period of apparent prosperity following World War No. 1 contributed heavily to collapse in the great depression in 1929.”

To the extent to which this observation applies today, Mr. Speaker, can be seen in our mounting surpluses and the declining agricultural prices. Unless we are prepared to help the needy nations obtain food produced on this continent, we shall not only be caught in the middle of another agricultural depression, but we shall be contributing to it as well. The Food and Agricultural Organization has carefully considered the problem of food surpluses and food shortages in their respective areas. This organization has told us, authoritatively, about the world food situation. We have also learned that the population of the world has increased, since 1936, at an annual rate of twenty million. Agricultural production, in spite of surpluses in some countries, has not been able to expand at a commensurate rate with the increase of the world population, and, as a result of the inefficiency of the distributing system and the lack of agricultural expansion, only eight nations in the world today are receiving sufficient to eat, namely, the United States, Canada, Australia, Denmark, New Zealand, Norway, Switzerland and Argentina.

Now, Mr. Speaker, what about the countries that do not have enough to eat? We learned only a few days ago that eleven countries of the Chinese Republic are facing famine conditions; that millions of Chinese are desperately striving to keep the ember of life glowing by eating grass, roots and insects. We read of these conditions with a shrug of nonchalant helplessness to change the inevitable, then turn to the more palatable type of reading. There has probably never been such an eloquent and heart-rending picture as that given by William Vogt in his book “The Road to Survival”. With your permission, Mr. Speaker, I should like to read a short portion of a chapter therefrom:

“Wong sat by the side of the dusty road, almost too weak to hold himself upright. Carts with shouting drivers, wheelbarrows piled high and pushed by silent men, occasionally rickshaws, passed by, often within a few inches. It seemed as though they must strike him, but he did not move.

“Wong no longer cared. He knew he was going to die, because he had seen hundreds dying all about him. He felt no pain. This had passed days ago. He no longer even felt hungry, and this was such a new experience to him that it almost made him welcome his approaching death. He looked sixty and was thirty-four. Hardly a day since he had been weaned had he known what it was to escape the hunger pains that gnawed at his middle. His bones stuck out through a yellow skin even more parchment-like than usual.

“Three weeks before, or four, or five, he did not remember, he had left his wife and baby in the western

provinces and started to walk toward the sea, in the hope of finding something for them to eat. So far as he knew, he did not have a friend or a relative within hundreds of miles. One by one he had sold the garments off his back, until he was all but naked. Once in a while he had been able to scrape together a few grains of rice, but for days now he had known that he was losing the struggle. There had not been enough to keep him going, and in that great world of famine where hundreds and thousands and tens of thousands were dying as he was, no one cared. To a European or an American this might have seemed the ultimate sadness. To Wong it was meaningless, since he was dying as he had lived most of his life.

“The sun seemed like an incandescent dome clamped atop the world. Not even in the great river bed was there a trickle of water. Eight months ago it had raged with floods that broke into the towns and stormed away with hundreds of victims. Now he would have to sell his last garment even to get a drink. The steep, bare hillsides, completely denuded of vegetation, towered above him. The cold wind flung towers of dust before it, dust that powdered into the corners of his mouth.

“Halfway around the world men and women were trying to scrape together such grain as they could, to keep the ember of life glowing in Wong and millions like him. But he knew nothing of this. If he had, it would have made no difference. He knew now, when he had finally given up all hope of life, that nowhere in the world could there be enough food to feed so many hungry mouths.”

Now, Mr. Speaker, what I have said of China is applicable to India as well. Sooner or later the conditions that exist in these countries will have to be given international attention.

Let us now consider the countries in Europe which, in the past, have been our steady food customers. We find that the diet in those countries, today, is only about fifteen hundred calories; it should be at least twenty-five hundred calories. The average caloric intake in this part of the world is about thirty-five hundred. It is apparent, Mr. Speaker, that in this House there are three or four of us who, judging from our dimensions, either are easy keepers or else our intake exceeds thirty-five hundred calories.

For four years following the recent war period diets in the European countries have remained low. There naturally has been a persistent demand for food but, as we have seen, this has been an ineffective demand. The Food and Agricultural Organization concerned itself in the beginning with the stocktaking of food requirements and food producing potentialities.

March 28, 1950

Its aim was to ensure that countries which need food would have a reasonable chance of getting it from those countries that produce it. However, Mr. Speaker, when it appeared that developments in the world food economy were similar to those that contributed the great economic depression of 1929, the F.A.O. turned its attention to the world food economy to prevent these developments. I refer particularly to the accumulation of the food surpluses in the producing countries, the falling-off of market prices and the dwindling of foreign markets. In the past these conditions were followed by production restrictions, food dumping in home and foreign markets and the destroying of food stocks. When it appeared that these conditions might once again be repeated, the Food and Agricultural Organization of the world moved into action and gave serious consideration to agricultural product marketing. The member nations of F.A.O. brought this problem under active consideration, and they declared at the outset:

“Restricted production results in uneconomic idleness of farm resources and unemployment among transport processing and other workers and eventually in all productive activity.”

Member nations of the F.A.O. all support the organization’s general declaration, which I quote again:

“There must never be a repetition of the catastrophic position in agriculture experienced in 1930.”

After careful consideration, the council of F.A.O. produced a plan for the consideration of the member nations which would facilitate the movement of surplus foodstuffs to those countries which were in need of food. This plan was known as the International Commodity Clearing House proposal, and the council of F.A.O. proposed that an international agency should be set up which would have this function – and I quote:

“Which would operate to permit surplus – producing countries to keep output at high level without resorting to restrictive measures, destruction of crops, or dumping devices and to enable importing countries that are now unable to buy as much food and other articles and products as they need to take additional amounts.”

The Commodity Clearing House was proposed not as something which would take the place of normal trading, Mr. Speaker, but as a device which would bridge the gap until normal trading had been re-established or restored. Very briefly, Mr. Speaker, the proposal contemplated the creating of a commodity clearing house which would operate like this: the clearing house would be financed by member nations, with contributions based on proportions of national income; and there were two schemes. Under one scheme, exporting countries would sell surplus food commodities to the clearing house at reduced prices, and would receive from the clearing house payment in some acceptable or convertible currency. The clearing house would assist the exporter to convert this currency either into dollars or into goods and services. The importing countries under this scheme would get additional food at reduced prices. Under the second scheme, export

countries would sell to the clearing house surplus food at the full market price, the payment of which would be financed by the exporter advancing to the clearing house the cash equivalent of the food sent to these countries.

Now these countries would pay for the food in full in its own currency and the clearing house would hold these foreign non-convertible or acceptable currencies to the credit of the export nations until such time as they could be redeemed – either in dollars or in goods and services. Under this scheme, countries which needed food would get it quickly without having first to earn the necessary dollars. Either of these proposals, Mr. Speaker, would give the world the machinery to facilitate the restoration and strengthening of normal trading.

The details of the proposals were not generally acceptable either by the United States and Canada or by the small countries. The United States felt that it could not invest additional funds in this organization when other types of aid required large amounts of money. Countries like the United Kingdom could not participate in this type of scheme because it involved the tying-up of additional amounts of currency which would eventually have to be redeemed in dollars. In other words, it meant increasing her dollar debt at present without providing any means of increasing her dollar-earning ability.

These proposals were not generally acceptable by other smaller nations for the same reason, notwithstanding the fact that they would thereby have the opportunity of getting foods quickly without having to first earn dollars. The proposals, they felt, did not strike at the root of the situation or their dollar problem. They felt that they would be faced with increased debt which they could not incur now or at a later date, when at the same time they were not given the assurance that they would, by taking these commodities through the clearing house, be enabled to earn dollars with which to pay for them at a later date.

The rejecting of the International Commodity Clearing House proposal does not mean that member nations of the F.A.O. did not heed the warning of the F.A.O. council that unless the clearing house proposals, or some other similar measure was put into effect:

“We face the prospects of a division of the world economy in two parts – in the one half there will be surpluses, depression and unemployment and in the other half, there will be shortages, hunger to the point of famine, narrowly constrictive trade, and only frustrated hopes of the economic development that might lead to better living.”

This warning has become all the more important, Mr. Speaker. The review and rejections of the F.A.O. proposal has brought into even sharper focus the fundamental truths that normal trading with equal or balancing exports must be restored as quickly as possible. Now, for Canada, as well as the United States, it means that we must be prepared to buy from other countries to the value of that which we are required to sell. If we in Canada resort to some action which is designed to protect or give artificial encouragement to any one section of our economy (and I especially refer to industry generally, and some sections of industry particularly), then we

March 28, 1950

will surely fail to achieve these objectives. Unless the buyers of our food can enter Canada's home market without discrimination and the disadvantage of protective tariffs and duties, then our already threatened economy will suffer more and more. If strong measures are not taken to maintain the foreign food markets, then the population in our agricultural economy will not be able to buy the production of our industrial economy such as tractors and combines, rakes and mowers and other items associated with our agricultural industry.

The farmer, Mr. Speaker, as always, will be the first to face economic ruin; but undoubtedly his plight will spread, with the resultant economic ruin of industry and all those associated with it. The time has come for Canada as well as other countries to face the international trade crisis. The only positive action we can take to insure a high level of employment, a continuous high level of agricultural production, is to permit those countries that need our food to do business with us. Any tariff, duty or trade obstacle that prevents these countries from selling to us must be reviewed and to a large part eliminated. Mr. Speaker, this is the solution to trade and currency problems and one that will bring the different sections of our economy into balance. This must not only be a Canadian policy; it must be a world-wide one as well. I submit that Canada could well give that leadership.

At the risk of being redundant, Mr. Speaker, I want to say again that if industry and agriculture are to maintain their present levels, if hungry and needy peoples of the world are to be adequately fed and provided for, then this side of the world must do everything possible to enable those nations which require food to earn dollars by selling their products in our markets. These objectives are co-incident with the objectives underlying the clearing house proposals. The Food and Agricultural Organization has made this observation which, I believe, should be a warning of what is required to remove our trade barriers to insure freer trade and more normal trade in the world:

“If all actions that are required to restore normal trading do not materialize, the nations of the world will resort to national action on restrictive lines to the detriment of consumers in all parts of the world that could easily be a repetition of the circumstances that arose in the 1920's when the accumulation of agricultural surpluses was the determining factor which converted the financial crisis of 1929 into world-wide depression.”

In closing, Mr. Speaker, I feel confident in saying that I believe it is the profoundest hope of every hon. member of this Legislature that the world trade crisis will be overcome, that the day is not distant when all nations through mutual help, understanding and respect will enter an era of peace and prosperity. This, Mr. Speaker, I profoundly believe is our destiny.

I therefore move, seconded by the hon. member from Lumsden (Mr. Thair) the Resolution which stands in my name.

Mr. W.S. Thair (Lumsden): – Mr. Speaker, with regard to the first part of this resolution, I would say that I believe, with every Saskatchewan member, that this Assembly would probably agree with the statement made by the Leader of the Opposition, a short time ago, that tariffs should be reduced on goods imported from Britain and that the Liberal Party at Ottawa should give leadership, as well as this Assembly, in this policy. I am sure that most members are agreed in this Assembly as to that policy. Since last September, there has been some increase in goods arriving from Britain, but there has actually been some unfortunate instances where extra dumping duties have actually been imposed on British goods such as textiles, machinery, cameras, photographic supplies. It is only fair to say that, because of devaluation, there has been considerable increase in the amount of British goods that have come in and been offered for sale on the Canadian market, during the last six months.

Mr. Speaker, everyone realizes that Canada has little hope of retaining the British market for agricultural products unless we are prepared to accept a greater amount of British goods; and this, of course, includes other nations of the world as well.

With regard to the world distribution of food, I would like to say that two-thirds of the world's population of 2¼ billion people are still faced with the threat of hunger and undernourishment, and some nations are actually faced with a surplus of foodstuffs. In others, in many large areas, people are actually scrambling about in a desperate situation for a bare subsistence on lands made barren by thousands of years of soil erosion, denuded forest lands which caused great floods and great damage.

Well, we have all this undernourishment; the world population is increasing at the rate of 10 per cent per year or an increase of 225,000,000 new mouths to feed each year, or probably 60,000 new citizens for breakfast every morning, and it all makes for a desperate problem of distribution of food supplies in the future. The conditions of varying degrees of undernourishment and starvation in vast areas of the world today emphasize the need for a more equitable distribution of the world's food supplies.

Now, Mr. Speaker, the representatives of some 63 nations gathered under one roof at the Washington conference of the F.A.O., last November, and they dedicated themselves to defeat the age-old enemy of man which is hunger; this is in reality the basis of the F.A.O. which was set up by the United Nations under the leadership of Sir John Boyd Orr back in October 1945. Its objective was to feed the world. Speaking at the 24th annual meeting of the Manitoba Pool Elevators in Winnipeg, on October 26th, 1949, the present Director-General of F.A.O., had this to say about Sir John Boyd Orr, who recently received the Nobel prize for peace:

“The implication of this Nobel Peace Prize award was a confirmation of the fact that peace cannot be built on hunger, that an enduring peace is impossible until the world's food production and distribution machinery has been overhauled and made to serve the people everywhere.”

March 28, 1950

And later on in his address he made a further statement:

“Three-quarters of the world’s population has been little affected by the advances in agricultural production since the turn of the century. On recent visits to the Near East, and the Far East, there was still much evidence of malnutrition including housing and unrewarding daily toil.”

I am sure the dream of world food organizations was well expressed by President Truman at Washington, I believe at the same conference on November 21st. These quotations are more important than anything I might say in a general statement in this Assembly:

“F.A.O. was primarily concerned with meeting the needs of hundreds of millions of people for more and better food. To achieve this, F.A.O. must focus on two problems. The first is to increase production of food-stuffs in agriculture; the second is to see that commodities reach the people in the countries that need them.”

I would like also to quote a statement by the Chairman of the F.A.O. Section of the United Nations, who was Ambassador from Cuba. He said:

“Mr. Truman has stirred me deeply when he said that if, by working together in this organization, we could create an abundance of food for all the countries we shall bring better health, longer lives and greater happiness to mankind everywhere.”

Now, Mr. Speaker, the first concrete attempt to deal with food surpluses was back in the days of Sir John Boyd Orr’s proposal for a world food board, which was two or three years ago. I might say that this collapsed in the face of American opposition at the Copenhagen meeting of the Food and Agricultural Organization.

The second attempt to deal with the problem of food surpluses was the proposal put forward by the Director General of F.A.O. This proposal is known as the International Commodity Clearing House, and I am sure that the previous speaker, who introduced the resolution, has gone into that very fully and I do not intend to say very much about it any more than to say that the International Commodity Clearing House, as it was called, was the result of intensive study by a group of leading world economists, representing United States, Australia, India, Latin America, England and other countries; but again the United States, probably with good reason, and with the tacit approval of Agriculture Minister Gardiner, opposed this new plan to deal with world surplus foods.

Because of the two years of very short crops in Saskatchewan of which we are all well aware, our wheat surpluses are not unduly large, although in the United States at the present time, they have a wheat surplus

of more than three-quarters of a billion bushels of wheat alone. So, profiting from past experiences of the great surpluses in Canada before the second world war, we should look ahead and make provision for surpluses that are bound to occur in the future. In dealing with this long-term plan for solving agricultural marketing, Mr. Gardiner had the extreme short-sightedness, as a Canadian, to emphasize to the F.A.O. meeting, last November, in Washington, that Canada now has no top-heavy surpluses of agriculture products. Speaking in the House of Commons in Ottawa, February 20th, Hansard, page 39, Hon. George Drew, said this:

“It is hard to realize that only a few weeks ago the Government was telling us that we had no problem of surplus food products. Now the problem of surplus food and the threat of even greater surpluses is endangering our whole agricultural price structure and threatening the security of our farmers. The Minister of Agriculture, now says that he has expected the situation for two years.”

I might say now, that the Minister of Agriculture advocates wheat reduction in this province.

Mr. Speaker, the western farmers, including myself, have not forgotten the great surpluses of wheat piled up in the elevators and granaries during the late ‘thirties, and I believe, Sir, that unless markets are found for wheat in the coming year, these surpluses could easily occur again, and I repeat that the fear of farm surpluses in the near future again is beginning to worry the grain growers and the other food producers of Western Canada.

I would like to quote again, Mr. Speaker, from an address in the “Foreign Trade News” by Hon. J.G. Gardiner, Minister of Agriculture. Mr. Gardiner was speaking before the F.A.O. and made this statement stressing need for expanding production to meet the needs of the world – this was just last November:

“And again our monetary difficulties today threaten to reproduce a situation which existed twenty years ago – a lack of that free movement of food from those with food to spare to those in want. Unless some way can be found to solving the problem, we cannot hope for that all-out effort by exporting countries that is needed, if the people of the whole world are to be adequately fed.”

Now the Mover of this Resolution (Mr. Erb), as I have said before, has explained the machinery and the objectives of the association known as the International Commodity Clearing House. It is interesting to note that it was the International Federation of Agricultural Producers, or the farmers throughout the world, that urged the Food and Agriculture Organization to take such a step in the first place. The farmers themselves took up this problem of surplus food, knowing the needs of the rest of the world. For the second time since the second world war, the F.A.O. of the United Nations had failed completely to establish such an organization; perhaps it was because of the Marshal Plan, which was paying for our own

March 28, 1950

wheat in this country, and because of the surplus that they had down there at that time, that they failed completely to establish such an organization as was proposed upon the request, as I stated, before, the International Federation of Agricultural Producers. I repeat, the plan to set up machinery for disposing of foodstuffs to undernourished people of the world was laid aside for another year. Sometime in this year, 1950, the Food and Agricultural Organization, under its General Director, will again convene to work out, or strive to work out, a plan to distribute world food surpluses to those in need.

I am going to close with a quotation from the "United Nations Bulletin", December 15, 1949. This is also a statement by the Cuban Ambassador to the United States, who was Chairman of the fifth session of the United Nations Food and Agriculture Conference:

"The United Nations is the greatest hope of the average man for peace, hence its specialized arm, the Food and Agriculture Organization is its world parliament to keep an eye on food production everywhere, help expand the latent fertility of farms, to bring together the producer or processor nations, offer technical aid and seek to balance the plenty on one side with the abolition of want on the other."

What was needed we knew, was rational international action. One further statement: "Let there be Bread": – "The golden sheaf of wheat which is the symbol of the United Nations Food and Agriculture Organization, now five years old, is I believe, the world's most hopeful symbol. It spells the end of undernourishment and the attainment of President Roosevelt's goal of freedom from want."

I take pleasure in seconding the motion of the hon. member for Milestone.

Mr. W.A. Tucker (Leader of the Opposition): – Mr. Speaker, this question raised by the Motion of the hon. member from Milestone is one – which, to properly discuss, would take a very great deal of time, because it deals with perhaps the most difficult problem that faces the world today, and that is the problem of restoring international trade so that people can exchange their own products for the products of other nations which they need. That whole question, it was foreseen, would be a problem during the course of the second world war, and a conference was called in 1944 at Bretton Woods – the International Monetary Conference – to attempt to set up a system to promote international trade. I had the great honour of being a Canadian delegate at the International Monetary Conference. It was attended by some of the leading economists of the world – people like Lord Keynes, Henry Morgenthau, and others of that standing. President Roosevelt sent Mr. Vinson, the present Chief Justice of the United States, as one of the main delegates from the United States. A great deal of time was spent endeavouring to set up a fund which would permit the different currencies of the world to be more or less convertible, with the idea in mind of establishing some sort of a system to take the place of the gold standard which had operated before the first war and to some extent, after the first war. It was a very interesting conference,

because the Soviet Union was represented at the conference and also the various allied governments in exile. The Free French were represented – France had not yet been freed – and, of course, the same was true of the Belgian Government. It was the Belgian Government-in-exile which was represented, and similarly the governments of Poland and the Netherlands which were then in exile as well. A great deal of time and thought was spent before success was achieved in setting up the International Monetary Fund.

An unfortunate outcome of the conference setting up the Monetary Fund and also the International Bank for Reconstruction and Development was that, although the Soviet Union and the nations of the Soviet Union (including the Ukraine, Byelo-Russia and so on) were represented along with practically every nation that is now in the United Nations, the Soviet Union and its satellites have not come in on the actual working of the International Monetary Fund and the International Bank for Reconstruction and Development.

Looking at the report of the conferences, I see that the leading people in regard to the fund were people like White, Morgenthau and Steinbauer from the United States; MacIntosh and Rosminsky from Canada. There were representatives from the Soviet Union, Lord Keynes from the United Kingdom, and some of the outstanding economists from other parts of the world. At that time not only the question of money and that of trying to re-establish the nations of the world were dealt with, but some of the other problems, such as the distribution of food and raw materials that the nations have been struggling with ever since, were also discussed.

Ever since then, the United Nations have been trying to deal with this question. We in Canada, of course, have tried to do our share by making various loans and grants. I have here a statement contained in Hansard of about two years ago – February 4, 1948 – which gives the extent to which Canada went in taxing her people to assist other countries to buy our products. It was realized, of course, that during a considerable period after the war, the countries of the world which had been devoting so much of their energies to prosecuting the war, would take some time to get in the position to produce goods in order to buy the goods that they needed from us, and it is interesting to look back and to see to what extent the Canadian people went in trying to meet this situation.

Canada was making contributions during the years 1940-47 inclusive as outright gifts, credits and loans. Now, in regard to outright gifts – and I think the Canadian people have a right to be rather proud of the fact that, in addition to taking the part they did in the war, they also helped in regard to extending financial assistance to other countries. The outright gifts from Canada were as follows: under the War Appropriations (United Kingdom) Financing Act of 1942, there was an outright gift of one billion dollars; then, under the War Appropriations Act, a gift of wheat to Greece worth over \$19,000,000, and then under the War Appropriation Mutual Aid Acts – Australia, \$91,000,000; British West Indies, \$5,000,000; China, \$26,000,000; France, \$33,000,000; India, \$18,000,000; New Zealand, \$15,000,000; U.S.S.R., \$159,000,000; United Kingdom \$1,870,000,000; a total of \$2,211,000,000. That is in addition to the one billion item that I already mentioned. A splendid contribution, I submit, Mr. Speaker, from a country of around 12 million people.

March 28, 1950

Then the statement gives the assistance extended to the United Nations Relief Organization, the Relief and Rehabilitation Administration, \$154,000,000. An appropriation of \$20,000,000 was made in 1947 to finance post-UNRRA Relief to needy European countries, and then \$3½ million to finance shipments to Austria; \$4½ million to Greece, and \$4½ million to Italy. There was a further item of assistance to certain European countries under which there was a Canadian contribution under the combined United States – United Kingdom – Canadian programme of military relief. Under this, food, medical supplies and other civilian supplies were provided in the post-liberation period before UNRRA and local governments were able to take over. The total value of Canadian contributions for this purpose cannot, however, be regarded as an outright gift, since a portion of the cost of these supplies, amounting to \$4½ million has been recovered from UNRRA.

Then the statement goes on to outline the help to various countries after allowing for what has been recovered from the disposal of surplus stocks. The value of the contributions made by Canadians for this military relief programme, after allowing for recoveries, was as follows: Northwest Europe (France, Belgium, Netherlands, Luxembourg, Norway and Denmark), \$64,000,000; Italy, \$28,000,000; the Balkans, \$3,300,000 – a total in that item alone that was contributed by the Canadian people, of \$95,000,000. These are all outright gifts made by the Canadian people to assist the other peoples of the world.

Then it goes on to itemize credits and loans. Some of these credits and loans, of course, will be recovered if there is a tremendous recovery in the rest of the world; but many people wonder if they, too, won't turn out to be very much in the nature of gifts at least in part to the extent that these credits and loans will not be recovered: Belgium, the amount loaned on December 31, 1947, was \$67,000,000; China, \$32,000,000; Czechoslovakia, \$12,000,000; France, \$198,000,000; The Netherlands, \$104,000,000; Netherlands Indies, \$10,000,000; Norway, \$19,000,000; U.S.S.R., \$10,000,000, and the United Kingdom, \$700,000,000 and also the loan under the United Kingdom Financing Act, 1946, \$963,000,000.

These figures are taken from Hansard, and show the extent to which the Canadian people were willing to tax themselves in order to buy food products and other products, during the war, to help carry on the war and then, after the war was over, to provide those countries which could not buy our products, with those products, either by outright gifts or as loans.

We know what happened in this country as a result of that programme. These goods had to be paid for by Canadian dollars and as we were not getting anything back in return for those Canadian dollars, the result was when goods were not being produced or brought into the country to represent that vast outpouring of money, for goods to ship out of the country, it, of course, had the inflationary effect which we witness today. The programme also had the further effect that as the people had a great deal of purchasing power and the desire to purchase goods in the United States, we bought more from than we sold to the United States. The result was the time came when we had to put on controls to restrict imports from the United States. That was due in large part to our shipping goods out of the country and paying Canadian producers for them. They then had the money to buy with, and

they spent some of that money in the United States. The result was that we used up our gold reserves and United States dollars until we got to the point where we had to put on controls over imports from the United States. It is realized by everybody, today, that there is and must be a limit to which you can tax your own people in order to pay them for goods that they have produced and ship those goods to other countries which cannot afford to ship goods in here to pay for them. That is the great difficulty with different schemes for disposing of our surpluses, that are suggested from time to time.

For example, the International Commodity Clearing House proposal was of that nature essentially. It was suggested that we should supply goods that we could not export to other countries because they could not afford to pay for them, and that we should pay our own producers for those goods in our own dollars. The people who wanted those goods would put their money into a fund to pay for them. However, we could not use that money to pay our producers and, of course, the effects of that programme would be inflationary in Canada.

Also it would mean building up an obligation on the part of these creditor countries which, of course, some time they feel they would have to pay. During the war large debts like this were built up by the United Kingdom. She was putting everything she had into winning the war and everything that she got from India and Egypt which she could not then pay for, she agreed to pay for at the end of the war. These debts in the sterling area that Great Britain owed to countries like India and Egypt amounted to the stupendous figure of 3,500 million pounds. Today, that is one of the disturbing influences. One of the great difficulties the British Governments have faced ever since the war, is this problem of unrequited exports. The countries affected, for example India, have said – and I remember it was raised over five years ago at the International Monetary Conference; the Indian delegation then said that there was this tremendous debt owing by Great Britain to India, and he was wanting to have this debt dealt with. I remember at that time that that seemed to be embarrassing to Lord Keynes and some of the other British delegates, because they felt that somehow or other, they were going to pay that debt or look after it themselves. They appeared to hate having it dragged out in this International Conference. In any event, it has been a regular millstone around the necks of the British people ever since the war, and it is an amazing thing, if you come to consider the whole situation, that Great Britain has been so anxious to help India get on to her feet since the war that she has paid those debts back to India much faster than her own economists or any other international economists ever thought she should in consideration of her own financial and economic health. Actually, the payments of these debts that Great Britain owed at the end of the war have actually taken about two-thirds of the total amount that Great Britain has had in assistance under the Marshall Plan.

I have always felt, Mr. Speaker, that the payments of those debts were very essential to prevent the spread of Communism into countries like India. If they had this tremendous amount of money owing to them by Great Britain, and they wanted to use that money to buy heavy goods, such as locomotives and machinery for their factories and so on, and if they could not re-establish themselves by getting necessary machinery from Great Britain

March 28, 1950

in payment of those debts, this would, of course, hamper and restrict their recovery after the war. The people of India would then find grave fault with the British Government for not paying the debts which they owed. By virtue of its hampering effect on the development of India and Egypt and countries like that, it would conduce to the spread of Communism.

When Great Britain has paid those debts faster than she should have, it seemed to me that that should have been taken into consideration by other countries, and particularly by the United States. The United States has just as much interest in preventing the spread of Communism as Great Britain. I hope that, in the not too distant future, this question of unrequited exports from Great Britain will be dealt with in some long-term way, so that Great Britain will not have to ship so much of her goods out without getting any imports in return for them. When she ships goods out like this, for which she gets no goods back again, it has the same effect upon her economy as we have experienced when we have made loans to other countries and shipped goods out for which we get no return. It has had a very inflationary effect upon her whole economy and has been a very difficult problem for Great Britain.

These great problems that arise out of the war must more and more be the subject of international agreement, and of one nation helping another. For that reason among others, I have always been a great believer in the North Atlantic Security Pact. There are two aspects of that Pact. One is the aspect of one nation helping to defend the others in case they are menaced in a military way, and the other is the economic objectives of that pact; and both are tied up together. If the United States, for example were to leave Great Britain to struggle without assistance with some of her great trade and economic problems so that she had to resort to various bi-lateral agreements and resort unduly to trade with some other countries behind the 'iron curtain' in order to save her very economic existence, and might feel that countries like the United States were not helping her out enough. This would certainly shake the very foundation of the family, the Atlantic family, who have agreed to stand together to help one another. That was recognized in the Atlantic Pact. Section 2 says:

“The parties will contribute toward the further development of peaceful and friendly international relations by strengthening their free institutions, by bringing about a better understanding of the principles upon which these institutions are founded and . . .”

(this is the important part, Mr. Speaker)

“. . . by promoting conditions of stability and wellbeing, they will seek to eliminate conflict in their international economic policies and will encourage economic co-operation between any or all of them.”

That was put as Article 2 in the Atlantic Security Pact deliberately, because it was realized that the very foundations of the preservation

of the free world against the onslaughts of Communism would be to keep the free world prosperous and the peoples of the free world satisfied with the functioning of the system under which they lived. So this Article 2 was agreed to by the countries which signed the North Atlantic Pact.

The United States is carrying out its policy in that regard fairly substantially under the Marshall Plan. The difficulty is, Mr. Speaker, that it is said the Marshall Plan is going to come to an end, whether the motions of Europe are ready to stand on their own feet or not, in 1952. Faced with that situation, countries like Great Britain are beginning to talk about curtailing, cutting down their imports from countries like Canada and the United States, so that they will be able to pay for them with their actual exports to the United States and Canada.

I am hoping that, in the very near future, there will be a conference that will bring home to the people of the world, and particularly to the peoples of the United States, the fact that it may well be possible that, if something is not found to take the place of the Marshall Plan to give the countries of Europe still more time to get back on their feet, some of the great benefits that have been brought to all the countries of the world by the Marshall Plan, particularly to the countries in the Atlantic Family, will be undone if the Marshall Plan ceases suddenly without anything to take its place. I am satisfied that situation must now be recognized by some of the leading countries of the world, and that the whole question is being discussed.

The difficulty again, though is that the United States is in the same position as we and the United Kingdom are in. If they pour out assistance to other countries to buy goods in the United States, pay their own producers for those goods and don't get anything in return for them, that vast sum of money has an inflationary effect upon the economy of the United States. Many people feel that the United States has to be very careful in going much further into debt in order to continue the policy which she has carried on thus far under the Marshall Plan.

Now, I have said some of these things, Mr. Speaker, to indicate to you that, so far as I can see, this matter, with all the vision that one can bring to bear on it, with all the knowledge one has, and reading all one can, this matter is a stupendous problem. I think the member who brought it before the House is entitled to credit for doing so. We cannot properly and fully discuss it; we haven't got the time to do so and do the other work which we have to do as the Legislative Assembly for Saskatchewan. However, I think it is only right that we should let the people in the rest of Canada know that we realize the importance of this whole question, and that we want to make everyone feel that we want others to study and be devoting their minds to it, and particularly the Government which has to deal with other countries in regard to this matter.

Certain things were suggested by the hon. member. One of them was the removal of trade barriers. Now, I do not want to take too much time on that – to go back too far; but I feel I should point out that the Canadian Government has really been outstanding in regard to its work in that line. In 1919, Canada stood ninth among the nations of the world in volume of trade;

March 28, 1950

today she stands third. That shows that our Government has been alive to the necessity of promoting trade. From 1935 to 1939, the trade of Canada increased in the four years before the war, by fifty per cent. From 1939 to 1945, that is during the war years, Canada's total trade rose from \$1,675,000,000 to \$4,203,000,000. That is where it was in 1945 at the end of the war.

Many people thought that there would be a slump from that high position. Due, however, to the working together of the various countries and the plans that I have mentioned to keep trade going, that did not happen. Instead of a slump in total trade, Canada's trade rose from \$4,200,000,000 from the year 1945 to 1949, to \$5,754,000,000, another increase of \$1½ billion in our trade – That is from \$4,200,000,000 to \$5,754,000,000. Thus we have gone on increasing our trade since the war.

One of the reasons for that I think, has been the conclusion of the Geneva Trade Agreement. Under that agreement, the nations of the world, that had to do with 70 per cent of the trade of the world, got together to agree to cut down their tariffs. I think a lot of people do not realize just what was done by the Geneva Agreements, and, also, what a good effect it had upon our trade. The Geneva Trade Agreement was signed in November, 1946. It provided that there should not be discriminatory deals between the different countries agreeing to it. It provided, also, for the cutting down of trade barriers among all nations that agreed to it. I think there were, at that time, some thirty nations; they were joined by eleven other nations later, at Annecy, which further extended that field wherein tariffs were cut down. As I have said those nations that joined in those agreements accounted for 70 per cent of the trade of the world. Tariffs were cut, against our exports into the United States – I mention this to show how far that agreement went – by 50 per cent. Now that reduced the tariffs against our exports into the United States to the lowest they had been since the Underwood tariffs of 1914; the lowest tariff barriers in the United States in thirty-four years.

Some idea of the way the tariff was cut may be gained from the following: the duty on our wheat was cut from 42 cents to 21 cents; the duty was cut in half on lumber, wheat, flour, barley, rye, live poultry, butter, veal, beef; the duty on eggs was cut from 5 cents a dozen to 3½ cents a dozen; the quota on live cattle weighing over seven hundred pounds, was raised from 225,000 head to 400,000 head, and so on; the duty on lamb was reduced from 7 to 3½ cents; the duty on mutton from 5 cents to 2½ cents; the duty on barley was cut from 15 cents to 7½ cents.

Some people say that these different conferences that cause a reduction in tariffs, don't do any good. Well, it is interesting to see the effect upon our trade. In 1948, our exports to the United States were \$1,522,000,000 in value and that is about 50 per cent of the value of our total exports. Our exports to the United States were increased about 50 per cent in 1948 over what they were in 1947. The situation now is, Mr. Speaker, that our exports to the United States are about half of our total exports. The value of our exports to the United States is a little over \$1½ billion. Our trade as a whole – I will just take the years 1948 and 1949: Exports, in 1948, were \$3,110,000,000; in 1949, they were down less than a hundred million – \$3,022,000,000. Imports in 1948 were \$2,636,000,000, and in 1949, \$2,761,000,000. The total trade therefore, in 1948 was \$5,746,000,000 and,

in 1949, \$5,783,000,000, up a matter of about \$40,000,000. The United States, as I have said, take half of our exports; the United Kingdom takes slightly less than one-quarter of our entire exports, so our exports to the United Kingdom and the United States are about three-quarters of our total exports. In 1948, our exports to the United Kingdom were \$688,000,000; in 1949, \$709,000,000; our imports from the United Kingdom rose in 1949 to \$307,000,000, so they rose only \$8,000,000 over 1948. Now there is the situation so far as the United States and the United Kingdom are concerned.

So far as we are concerned, our big problem is with the United States. We have a favourable balance of trade with every country but the United States; that is, we ship more to other countries than we buy from them; but we buy more from the United States than we sell to them. In 1949, as I have said, we exported to the United States \$1,503,000,000 worth of goods, but we bought from the United States \$1,952,000,000 worth of goods, so we had a deficit, so far as the United States is concerned of \$449,000,000 worth of goods. In days before the second war we used to have that sort of a situation, but as we sold more to Europe, and particularly more to Great Britain than we bought from Europe and Great Britain, we used the credit that we built up thereby to pay for our deficit with the United States. Now with Great Britain short of dollars, we cannot call on her to provide us with dollars to pay for the deficit in our trade with the United States.

So the question arises, what are we going to do about it? Well, some people suggest that we should curtail our imports from the United States. They say, if we are buying from the United States \$449,000,000 more than we are selling to her, let us stop importing from the United States, and let us swing our imports entirely over to Great Britain. The effect of that would result mainly in two things. The first one would be this, Mr. Speaker. If we were to swing our imports by any measure that transgressed our agreements not to discriminate under the Geneva Agreements, the United States might very well say to us, "You are breaking the Geneva Agreement, and it was on the basis of the Geneva Agreement that we reduced our tariffs whereby you are shipping to us \$1½ billion worth of goods, and unless you live up to your obligations under the Geneva Agreement, you must not think that we are going to continue the system under which you are shipping to us so much more goods than you ever shipped before."

Then there is another factor. One of the reasons why the United States has gone into these different plans, including the Marshall plan, was because she wanted to promote international trade, and one of her basic objectives was to eliminate discrimination against her. I believe that is one of the reasons she was ready to advance billions of dollars to other countries to help them get on their feet. Well, now, half of all our exports to other countries, other than the United States, were paid for, last year, by Marshall plan money; in other words, we not only shipped half of our exports to the United States, but we had half of the other half paid for by the United States. In other words, the United States either paid for, or took, seventy-five per cent of all our exports. Now the people who say that we should endanger that situation for the sake of getting a few less goods from the United States so as to take a few more goods from Great Britain, do not realize the importance of the United States to us as a market, or what she has done for us under the Marshall plan.

March 28, 1950

I suggested, when I was speaking during the summer, that we should consult the United States as to getting her consent to our taking off all restrictions against imports from Great Britain, both tariff quotas and monetary restrictions of every sort and description, so that so far as we would be concerned, Great Britain could enter our markets without any restrictions whatever. But we could only do that, Mr. Speaker, if we had the consent of the United States, because we could not take off all tariffs against Britain and leave them at the present level against the United States without offending against the non-discrimination clauses in the Geneva Agreements. So I was very careful to point out that we would have to get the United States' agreement if we were going to do that. I thought the United States might agree to that proposal for the reason that it would be in her own interest. She is spending billions of dollars to help Great Britain get back on her feet, and if we let the United Kingdom enter our markets with her goods, then, of course, it would mean that it would help to solve the difficulty that the United States is helping Great Britain to solve, and it seemed to me that the United States would agree to that variation of the Geneva Agreement – at least to some extent anyway.

That was the suggestion that I made. It was subject to getting the United States agreement to it. It might not have been possible to get that agreement, but if anyone suggests that that be done without the consent of the United States, they should remember that they are up against the provisions of the Geneva Agreement which is so important to us. And so in this matter we have got to work together.

In regard to our situation with the United States, I think that our Prime Minister, in going down to the United States and pointing out to the United States that they should buy more goods from us and thereby help us out by letting us pay for their goods by shipping our goods into their markets, did a good service. He made, I thought, a very good and useful speech – I think it was in New York. I think that we may draw from that, that that standpoint and that viewpoint is being brought to the attention of the American people. I think that to any extent that we can bring that viewpoint to the attention of the American people and anything we can do, in a humble sort of way in this Legislature, will be all to the good.

The problem is not a big one so far as the United States is concerned. I have already said that our unfavourable balance, so far as the United States is concerned, is \$449,000,000. Now if one looks at the trade figures they are very interesting. We have fourteen million of a population approximately, and the average Canadian bought about \$140 worth of goods from the United States – that is, in the last year. The average United States' citizen, however, only bought \$10 worth of goods from us. In other words, the average Canadian was fourteen times as good a customer of the United States as the average United States' citizen was a customer of ours. The total production of the United States, the total production and consumption in the United States, last year, was about \$250,000,000,000. We shipped into their markets what is a vast sum for us, \$1,500,000,000; but that, against the \$250,000,000,000 consumption in the United States is only a very small amount. That leads one to the thought that if the United States could be induced to increase her purchases from Canada on the average per capita, from \$10 to less than \$13, we would balance our trade with the United States.

Hon. I.C. Nollet (Minister of Agriculture): – Just what would you have the United States buy from us?

Mr. Tucker: – Well, I would have them buy from us more of all the goods that we produce. They are doing a very good job now in buying a tremendous amount of beef from us, and that, of course, is certainly a great boon to our farmers. I certainly think that they are now buying from us a tremendous amount of wood pulp, and it is interesting to see that, of our total exports in 1948, 31 per cent was wood pulp; then wheat and other grains – our total exports of these were 15 per cent. It is interesting to see that our total exports of wheat and other grains and their products was only half the exports of pulp, paper, lumber and other wood products; then livestock and meat, the total exports were 7 per cent, and eggs and dairy products, 3 per cent; fish and fish products, 3 per cent; machinery, automobiles, other iron and steel products, 9 per cent; minerals and mineral products, 16 per cent. Now then, I would say to the Hon. Minister that what the United States can take from us is a greater measure of our oats, barley and our corn that is grown in Ontario, a greater measure of some of our fancier meats.

Hon. Mr. Nollet: – They don't know what to do with their own corn.

Mr. Tucker: – Well, there is tremendous consumption there, and that exportation to them is growing. A lot of people, before the Geneva Agreement, took an attitude something like the Minister, toward the American market. They said, "Well, what good would it do us?" Well, look at the amount of meat that they are taking today – the beef that they are taking today! We are told now that some of the higher-priced types of Canadian hams and bacons and so on are beginning to find their way into the markets of the eastern part of the United States; and then, there are the different items of livestock and poultry and all the rest of our production. I have no doubt that if we could persuade the United States to further reduce their tariff against us, we would have a great increase in exportation to them just the same as we experienced an increase when the Geneva agreement tariff came into effect.

Hon. Mr. Nollet: – I notice the Resolution has to do with the world food situation. Would this help a hungry world?

Mr. Tucker: – In regard to helping a hungry world, I don't know whether the Minister was in when I was talking about this, but I laid the foundation for this, Mr. Speaker, in this way: that the extent to which we can make moves to assist these countries that cannot finance their purchases here, depends upon the soundness of our own position. During the war, we were able to make these tremendous advances to Great Britain and other countries because of the soundness of our own position. If we could get into the position where we are again not short of dollars, where we even might have a surplus of dollars, then we could go to work and make further advances to other needy countries. It is only if we can put our own house in order and get on a solid substantial basis again, that we can go into these other places without breaking our whole economic system down. I think the Minister is a man who has studied these problems. He must know that it is one thing to say, "Here, we will feed a hungry world" – and everybody feels that they would like to share in that viewpoint; but our producers want to be paid in Canadian dollars, Mr. Speaker, and that means that you have either got to take that money from the Canadian

March 28, 1950

people; if you are going to ship goods out that are entirely unrequited, give them away to the hungry world, that means that you either have to take the cost in taxation from the Canadian people, or you have to extend credit, through the Bank of Canada, or go in debt in some way, which is quite inflationary. The result would be that you have rising prices – the very thing that we hear some of the members of the Government talking about. Anybody who looks at the present financial statement of the Bank of Canada and sees how the actual cash-on-hand in Canada (that is the money printed and the money available in the form of deposit subject to chequing in the banks) has steadily risen, can understand why a dollar is worth less, today, than it was worth ten years ago. If you go on that programme of not keeping your own economy on a sound basis, and go on sending goods out for which you do not get goods in return, you are going to go on introducing more inflation into your economy.

That is the very thing that the people in the United States are beginning to say. They say, “We want to help the rest of the world, but the first thing that we have to do is to keep our own economy sound, because it is not going to help us and it is not going to help the rest of the world if we go too far and bring our own economy down.” Now, that is the point I have tried to lead to. I said that where we were having a great deal of difficulty was in regard to the United States, and I was dealing with that programme because, if we can get on a sound basis with the United States, then we can go much further in helping not only countries like Great Britain, but other European countries, and also helping some in regard to the Orient.

I was going to say that we should try to get the United States to lower their tariffs some more, and take more of our goods as she did under the Geneva Agreement. They must be brought to realize – and this is fundamental and it is realized, I think, by recognized leaders of opinion in the United States – that the United States must be prepared to take goods in exchange for the goods she ships to other countries. I agree in that with the hon. member from Milestone. That is fundamental: that the United States cannot go on indefinitely, with the consent of her own people, shipping goods out under any scheme whatever without getting some goods in return. They must be prepared to take goods in return. They must be prepared to make investments in other countries in order to keep the whole thing in balance. The reason why Great Britain built up her great investments abroad during the period of the nineteenth century was that she was shipping far more goods abroad than she took into Great Britain; but she made great investments in those countries, and, of course, kept the whole thing in balance. Today, the great nation that has the strength and power to do this, as Great Britain did in the days of the nineteenth century, is the United States.

So far as I am concerned, I have always been grateful for the enlightened leadership that has come from the leaders of the United States during the last eighteen years, It seems to me that there has been a great appreciation of the part that she must play in rebuilding a world that was still reeling from the shock of the first world war, and then was almost stricken down by the second world war.

To complete the point I started a few minutes ago – if the United States, on an average, would import from us, instead of \$10 worth per capita, and could be induced to increase her imports from us again by 50 per

cent, we would have a favourable balance in dollars of \$300,000,000, and if we had a favourable balance, in dollars, against the United States, then we could go a long way towards getting rid of our surpluses by making loans to other countries in Europe and elsewhere. The content of most of the goods we ship is to such a large extent Canadian that, if we had a surplus of \$300,000,000 as against the United States, we could start a programme again that we carried on from 1942 to 1947.

Now I do not want to take too much time on this. I really rose, Mr. Speaker, to indicate that we wanted to commend the members on the other side who spoke on this question: to say that we wholeheartedly believe in the removal of tariff barriers because we think that that, fundamentally, is the solution to our problem; and to indicate something, in a very humble sort of a way of what I believe to be the great problem of currency convertibility – an almost insoluble problem as it has proved to be, as is shown by the fact that the leading statesmen of the world have tried to deal with it without very great success; the fact that such schemes as our loans and grants, such schemes as the Marshall plan are more or less a tiding-over arrangement until we can get on a sound international basis whereby we can start functioning again.

In regard to the International Commodity Clearing House proposal – that was already foreshadowed by the International Monetary Conference back in 1944. This very problem was foreseen – this question of financing. When the question came up, Great Britain realized it meant putting several million pounds into a fund that she would owe to countries like Canada and the United States. She said this: “We have already had enough trouble with the debts we owe to India and Egypt . . .” (that I have already referred to) “. . . We have to get back on a basis where we can pay our own way. We can’t build up any more of these debts.” So Great Britain said, “No, we cannot agree to this proposition”. I understand France and other countries took exactly the same position. Well, we must be reasonable about these matters. Faced with the situation that countries like Great Britain, France and these other food-importing countries would not agree to that proposition, all Canada and the United States could say was this: “Well, if you are not willing to agree to pay for this stuff over a long period of time when you are able to pay for it, the scheme will have to be worked out on some other basis.”

For myself, I join wholeheartedly with the members who spoke on the other side of the House on this question, that some way or another it is to be hoped that mankind will find a way to make use of the food it is able to produce to feed the hungry peoples of the world. At the present time we are divided up into various nationalities, each one of which values its own sovereignty, each one of which values its own achievements, values its own programme of social security, and all the rest of it, and the moment that any of these countries on a lower standard of living tries to enter a market where there is a high standard of living, the people that enjoy that high standard of living immediately get uneasy. They say, “We can’t afford to come down to the low standard of living of the people who are producing these goods that are coming into our market.” We were recently up against that problem in regard to Japanese shirts. They claimed shirts were coming into this country

March 28, 1950

from Japan that we couldn't make in this country and pay one-half the wages that are now being paid. The claim was made right away: "We can't let these shirts come in". The question then arises, How are these people going to pay for the food that we are going to send them unless we let stuff they make come in? Well, there it is – each nation values its own economic setup; it does not want to expose itself to the low standard of living of some of the rest of the world, and right away these difficulties arise if you try to encourage imports.

However, I think we are moving, Mr. Speaker. I think we will move. I think that the idealism that is behind these different ideas is worthwhile and should be encouraged. But let nobody think, Mr. Speaker, that this is an easy problem or that it may very easily be solved. It is a matter that will require the idealism and the best thinking ability of all the leaders of the world.

In conclusion, Mr. Speaker, I would like to say, in regard to international conferences and in regard to the part that Canada has played in these international conferences that I have had the privilege of being at two of them myself, one in 1944 and one in 1948. At them I saw something of the way in which Canada is regarded at these international conferences, and I am sure no other nation is more highly regarded amongst the nations of the world than Canada is. It is felt that Canada comes to these conferences not with any particular desire to get anything for Canada, but that she comes there with the desire to promote co-operation between all nations of the world, to promote world peace, to do her part to promote well-being and prosperity throughout the nations of the world; and wherever you look, at all these different conferences, Canada is there doing her part along these lines. At the recent Food and Agriculture Organization meeting there were people there representing Canada; the outstanding farm leaders of this country were there advising the Canadian delegation, and they were doing their best to carry out the desire of farmers all over the world, to have the pleasure of producing in order to feed the hungry of the world. Now Canada has devoted herself to that idea within the bounds of human power and Canada will do her share at all times in the future.

The question being put the motion of Mr. Erb was agreed to unanimously.

British Trade Week

Moved by Mr. Willis, seconded by Hon. L.F. McIntosh:

“That this Assembly recognizing that the prosperity of the Prairie Provinces is largely dependent upon the economic well-being of the farmers resident therein, and of their ability to find a market for their surplus farm products; recognizing also that it is only through the sale of British goods to Canada that we may hope to see a permanent

market for wheat and other farm products established in the United Kingdom.

Recommends that, in order to continue to impress on the people of Saskatchewan the importance of purchasing British goods wherever competitive in quality, style and price, by Proclamation of His Honour the Lieutenant Governor, the week of October 2nd to October 7th, 1950, be designated as "British Trade Week", and that throughout the Province, Co-operatives, retail merchants and traders in their respective communities be asked to procure, feature, and further the sale of British goods, during the week so designated."

Mr. M.J. Willis (Elrose): – Mr. Speaker, in moving this motion, I might say it is one that has been unanimously passed previously, in regard to making agreements with respect to our surplus grain, and this afternoon I am only going to take two or three minutes – and I think members will agree, when I say that I am brief, that I usually don't go over an hour.

In the motion, as moved myself, seconded by the Hon. Mr. McIntosh, with regard to British Trade Week, it has already been spoken of, this afternoon, in regard to trade and I am not going to dwell upon it any further. Last year, after the "Trade Week" was designated in this province, this province had over two hundred inquiries from firms in Britain as to markets for their respective goods; and we realize in this province, being agricultural, that we must get rid of our agricultural surpluses and we know where the market is. To encourage our people on the prairies to purchase British goods so that the British people, and the people of the United Kingdom can buy our wheat, we are stressing this to our people in this province, and we hope that the people in the other provinces will do likewise. When the Hon. Harold Wilson was in Canada he had this to say:

"We cannot buy from you unless we also sell to you; we are keen to take your produce. Seventy-five per cent of our wheat comes from the prairie provinces."

I think that statement is significant. We must realize that the market is there. All that is standing in the way is that we, in turn, if we are going to sell our grain, must be prepared to buy the goods that are offered to us for sale there. Trade must be a two-way proposition, and it is very vital for all of us to buy British goods where the quality is in keeping with the qualities offered by other competitors, so that we, in buying British goods, are selling our wheat in this province. Since the field has been pretty well covered already, this afternoon (I suppose that is one of the reasons I was put on) I shall say no more. I have already moved, Mr. Speaker, seconded by Mr. McIntosh, and I hope it has the unanimous approval of the House.

The question being put, the motion of Mr. Willis was agreed to unanimously.

The Assembly adjourned at 11:00 o'clock p.m., without question put.