

*The Address—Mr. Mackenzie King*

affected interests in that country. But so far as Canada is concerned, during the last three years the benefits of that agreement have been so apparent that the country has altogether forgotten the concessions that had to be made here and there in order to bring the agreement into effect.

We know that the increased trade resulting from the agreement has helped materially in keeping conditions better than they could possibly otherwise have been. A great deal has been said to-day about there still being numbers of unemployed. I wonder what the present position would have been if it had not been for some of the measures that have been brought in by this government. We would have had not the mere question of the numbers unemployed to-day; we would have had unemployment to four, five or perhaps ten times the extent it exists at the present time, with what consequences having regard to world conditions no one can say.

Mr. SPENCE: Better explain.

Mr. MACKENZIE KING: Better explain? The improved condition has been due to the fact that under these trade agreements we have had wider markets for our primary products. These wider markets secured to those engaged in the primary industries of Canada have brought to this country a quantity of purchasing power which has gone towards the purchase of manufactured and other goods; a purchasing power which but for those agreements would not have existed. That purchasing power has helped to give employment to men in industry, in agriculture and in all the branches of our economic activity.

We came to the point where we had to consider where we would be when the three years were up. When the 1935 agreement was negotiated it was to a certain extent an experiment. The United States was then within a short space of a presidential election. There were concessions which at the time that country was hesitant about making, until they saw how the agreement was likely to work out. We were in the same position in regard to some things we should have liked to have done. At the time it was distinctly understood that the three years would be a testing period and that if after a trial the agreement proved to be mutually beneficial an effort would be made anew to extend and expand its provisions. Not only would the effort be made to extend and expand the provisions but to secure them for a further period of time. I want hon. members to keep that factor in mind.

When this government began its negotiations to have the agreement enlarged and extended

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it was facing the possibility of the then existing agreement ending at the expiration of the three year period, if we should not be able to secure the goodwill of our neighbours to the south, as we had before, when we began to negotiate. We began early, knowing how difficult these negotiations are, and how many considerations there are of which account has to be taken. We found that the governments of Great Britain and the United States were considering the making of a trade agreement between those two countries. When some of us were present at the imperial conference in England it was made quite clear to us that an agreement between the United States and Great Britain in matters of trade not only would be beneficial to those two countries but might help to point the way to a method of dealing with international affairs better than that which was existing in some other parts of the world.

May I say at once to my hon. friend that when we discuss trade matters we are almost certain to differ diametrically because we view matters in an entirely different light. I believe the way to help to improve economic conditions, employment and the like is to encourage trade and to obtain as much in the way of trade as we possibly can. My hon. friend opposite believes in the policy of economic nationalism.

Mr. MANION: Nothing of the sort.

Mr. MACKENZIE KING: Oh, yes.

Mr. MANION: Nothing of the sort.

Mr. MACKENZIE KING: Well, then, the government of which he was a member went farther in that direction than all other governments in Canada put together. I am not aware that he offered any objection. At any rate, he certainly did not—

Mr. MANION: I assume the right hon. gentleman is not aware of many things which happened in council.

Mr. MACKENZIE KING: That is true. But I am aware that my hon. friend sat here at one time when we were discussing trade matters, when I was putting forward the argument I am making to-night, and on that occasion he said that trade was war. I think his words are still on Hansard.

I do not entertain that view. On the contrary I regard the promotion of trade as a means of avoiding war. I believe if policies of economic nationalism continue to make headway among the different nations, that war will follow as certain as night the day. It is not too much to say that such a policy perhaps above all others lies at the root of