

tion with the industry itself. I have been impressed by the way in which the industry has taken a responsible attitude towards this urgent national problem and has co-operated fully.

#### MOTION PICTURE INDUSTRY

I should like to turn now to the motion picture industry. It illustrates that every industry has some special characteristics requiring special consideration. One approach to saving United States dollars in the motion picture business would have been to apply quotas to imports of United States films. This method has been applied in a number of other countries, but with results far from generally satisfactory. In addition, there are some special features in the case of Canada which make a simple quota basis of restriction inappropriate. A substantial amount of the United States dollar cost of the industry to us is in the earnings of United States motion picture properties in Canada. This is over and above the approximate \$12,000,000 a year paid in rentals on imported films. The total annual exchange cost of the industry is estimated at \$20,000,000, of which \$17,000,000 is in United States dollars, the balance going to the United Kingdom and, to a smaller degree, to France. The financial facts of the movie industry in Canada, the tastes and habits of the Canadian movie-going public, and the harmonious relations we have enjoyed with the United States producers--in short, the special situation of the industry in Canada--called for a more imaginative and constructive approach than quota restrictions.

#### CO-OPERATIVE SPIRIT EVIDENT

As I mentioned on Friday, discussions with the industry are proceeding. I do not think it would be desirable to go into detail on these while they are still under way. But I would like to say that we have been very much pleased with the co-operative spirit in which the industry has joined with us to explore the problem.

That Canada has some interesting possibilities in the movie world is obvious. Climatic factors, local colour and cultures, magnificent natural scenery, availability of technical personnel and facilities, and proximity to the California and New York centres of the United States industry are all of significance. The west coast and Quebec, to mention only two areas, have important location and production advantages. It is our hope that the movie industry will contribute to the solution of the Canadian exchange problem, not by contraction of business in Canada, but by the development of production in Canada and the use of the United States and international network of distribution outlets of the chief United States companies. An important by-product, of course, would be the publicity and resulting tourist

business stimulated by a development of this nature.

Replying to questions, Mr. Howe said that in preliminary figures, \$100 million was used as the estimated total saving on capital goods. But it was now known that this figure was much too low.

**FRESH FRUITS AND VEGETABLES:** At another stage of the Committee discussion, the Minister of Finance, Mr. Abbott said import restrictions on fresh fruits and vegetables were intended to be temporary. They were put on as a necessary measure to conserve exchange and the Government would not feel justified in continuing them beyond the time when the exchange position made them necessary. In other words, the Government was not prepared to retain the measures indefinitely as a protection to the fruit and vegetable industry.

Mr. Abbott added: I realize, however, that the growers of these fruits and vegetables are placed in a difficult position with respect to planning increases in production; and while I am conscious of the risks and dangers of trying to make predictions, as I said before, I think I can go this far. As I now see the situation and as I now view the prospects of our exchange position I think it is highly improbable that a complete removal of these restrictions with respect to fresh fruits and vegetables will occur much before the end of this calendar year, and it may be that some degree of restriction will continue into the early part of 1949. As far as possible it would be the government's intention not to remove or relax these import controls at a time when that action would have serious or disastrous effects on the marketing of Canadian produce. But I cannot bind the government to any unconditional guarantee that no produce grown in Canada in 1948 will have to face any competition from imported goods. As I said nearly three months ago, the government intends to relax restrictions on basic or essential items such as cabbages, carrots, potatoes and onions when it becomes clear that Canadian supplies are nearing exhaustion.

**BILL READ THIRD TIME:** On third reading of the Bill, February 24, John Bracken, Progressive-Conservative leader, moved an amendment to limit import restrictions to U.S. dollar countries. The House defeated the amendment by 104 to 96--Government majority 8. Subsequently, on a vote of 102 to 92, Government majority 10, the House gave third reading to the Bill.

**FISH LANDINGS HIGHER:** Total landings of fish and shellfish in the sea fisheries of Canada during January amounted to 110,257,000 pounds valued at \$2,447,000. This was an increase of 24.6 per cent in quantity and of 34.4 per cent in value as compared with January, 1947.

## CANADA AT THE UNITED NATIONS

**LITTLE ASSEMBLY AND KOREA:** The Interim Committee of the General Assembly (Little Assembly) resumed, February 24, consideration of the "negative attitude" of the U.S.S.R. in northern Korea (C.W.B. February 20, P. 13).

Dr. Philip C. Jessup (United States) submitted a draft resolution favouring elections in southern Korea now, for the election of a National Assembly which could work towards unity of the country.

The United States, Dr. Jessup said, was supporting the United Nations programme for Korean independence and urged that a National Assembly, representing all Korea, be elected by the people of Korea on the basis of population.

Fortunately for the people of Korea, he added, the decision of the United Nations designed to aid them to achieve their independence at the earliest possible date can be carried out in one part of the country . . . which contains two-thirds of the population of all Korea. The decision of the U.N. can be made effective in this part of Korea because the United States is ready and eager to help in carrying out the will of the United Nations to give effect to the wishes of the Korean people for independence.

#### PROPOSED PROCEDURES

Dr. Jessup said the United States considered that the Korean Commission should proceed with its task along the following lines:

First, to consult with occupation authorities ready to aid them, and to decide on election laws and procedures. Elections might be held seriatim, from south to north, to give the small Commission an opportunity to observe them all.

If north Korea still remained inaccessible and one-third of the Korean people were denied opportunity to seat their representatives in a National Assembly, at least a National Assembly would exist and would be able to work towards national unity and independence.

**CANADIAN STATEMENT:** Lester B. Pearson (Canada) made the following statement:

There are two resolutions of the Assembly which govern the powers and duties of the Korean Commission:

The second, in its terms, seems to state plainly that the Commission cannot operate in south Korea only. Paragraph 4 of that resolution reads:

The Assembly further recommends that immediately upon the establishment of a national government, that government should, in consultation with the Commission:

(A) constitute its own national security forces and dissolve all military or semi-military formations not included therein;

- (B) take over the functions of government from the military commands and civilian authorities of north and south Korea, and
- (C) arrange with the occupying powers for the complete withdrawal from Korea of their Armed Forces as early as practicable and if possible within ninety days.

Such a recommendation cannot, in our view, be carried out for or in south Korea only.

I am not going into the question at this time whether or not the holding of elections in south Korea alone is desirable and wise. I am merely making the point that, in our opinion, such elections cannot be brought within the terms of that resolution on Korea (which I have just cited) which was passed by the General Assembly and which is binding on the Commission.

#### AUTHORITY OF COMMISSION

The Korean Commission cannot go outside that resolution or act, constitutionally, in any way contrary to its terms. Nor can those terms be altered by the Interim Committee, which under the Assembly resolution of November 13, 1947, setting it up, can only "consider and report with its conclusion to the General Assembly". Only the Assembly, then, can alter the terms of this resolution in a way to give the Korean Commission power which it has not now got.

It is true that the terms of reference of the Korean Commission empower it "to consult with the Interim Committee". But this consultation obviously cannot be for the purpose of enlarging its powers through action by the Interim Committee because the Committee has no such power.

#### ONE OF TWO THINGS

The Interim Committee itself can do one of two things. It may consider the report of the Chairman of the Korean Commission and report with its conclusion to the next General Assembly, or it may recommend that a Special Session of the General Assembly be called to consider amendment of the resolution of November 14, 1947, in view of the unwillingness of the Soviet authorities to co-operate in the carrying out of the programme.

There is, however, another resolution of the Assembly which covers the work of the Commission, the operative part of which reads--"the General Assembly:

1. Resolves that elected representatives of the Korean people be invited to take part in the consideration of the question;
2. Further resolves that in order to facilitate and expedite such participation and to observe that the Korean represent-