

I am happy to be able to inform you that a trade agreement between Canada and the United States of America was concluded on Armistice Day, 1935, and that the trade dispute with Japan, which had seriously affected the trade of both countries, was adjusted before the end of the old year.

The Canada-United States Trade Agreement will be submitted for your approval. You will also be forthwith advised of the basis on which normal trade relations between Canada and Japan have been restored.

My ministers believe that the Canada-United States agreement will mark a great improvement in Canada's international economic relations; also, that the principles embodied in this agreement, extended and applied with vigour and determination, will contribute to the reversal of the trend toward extreme economic nationalism, which has been undermining standards of living, and embittering relations between countries all over the world.

You will be pleased to know that the policy of the Canadian Wheat Board in selling wheat at competitive prices is bringing satisfactory results.

A conference between the Dominion Government and the governments of the provinces of Canada was held at Ottawa during the month of December. Continuing committees have since carried on consideration of the more important subjects discussed.

Among matters arising out of the Conference, which will be submitted for your consideration, will be a proposal for amending the British North America Act, 1867, in order to provide for certain financial arrangements between the Dominion and the Provinces. A committee of Dominion and Provincial representatives, appointed by the Dominion-Provincial Conference, is engaged in the consideration of a method and procedure for effecting constitutional amendments.

It is proposed to restore to Parliament its control over taxation and expenditure by ending all measures which have deprived members of the House of Commons of this control, and which have served to invest the Executive with unwarranted arbitrary powers.

Every effort will be made to substitute stability for uncertainty in the administration of customs laws.

The control of credit, and the issue of currency, being public matters of direct concern to every citizen, it is intended, at the present session, to ask Parliament to make such changes in the ownership and control of the Bank of Canada, as may be necessary to give to the government a predominant interest in the ownership as well as effective control of the Bank.

You will be asked to consider amendments to existing legislation respecting the Canadian National Railways, which will serve to afford a greater measure of governmental authority and responsibility to Parliament.

It is proposed to make the present position of radio broadcasting in Canada the subject of inquiry by a special committee of the House of Commons.

Steps have already been taken with respect to the reorganization and consolidation of government services, which it is believed will further their efficiency and effect much needed economies. These will be supplemented by legislative measures to which your attention will be invited.

A reduction from twenty-one to sixteen has been made in the number of Ministers of the Crown.

A Bill to provide for the creation of parliamentary secretaryships will be submitted for your consideration.

*Members of the House of Commons:*

The Public Accounts of the last fiscal year and the Estimates for the coming year will be submitted for your consideration.