

would forecast the extent to which the North American continent could finance such projects. I am talking now not of the next two or three years, but of a longer period -- albeit a short period in the history of our development. Certainly, the forecasts that were made early in the war of production capabilities look very small in relation to what was actually accomplished, and we are probably capable of much greater production than we have yet dreamed of. You will note, however, that I have referred to the contribution that could be made by the North American continent because it is, I believe, crystal clear that there are severe limitations on how far Canada, proceeding alone, could go along such a course. These limitations arise not from the country's inability to balance overall exports and imports, and to provide a surplus for foreign capital investment, but because of the badly unbalanced position of our trade. Furthermore, I am not speaking particularly of credits or foreign investments made by the Government. From the point of view of the balance of payments of the country as a whole it does not matter whether a credit is extended or a foreign investment made from public or private resources.

UNBALANCED EXTERNAL TRADE

Our problem arises from the fact that we are to-day dependent upon the United States for some 75% of all the goods that we import, and for which we must pay in cash, while our exports are in large measure to countries which to-day are only able to buy from us because of the credits that we have extended -- credits that were granted more on broad policy grounds than on commercial considerations. That extension of credit was a very necessary step in the aftermath of war, but it obviously cannot continue for any protracted period; and, until the war-torn countries are once again in production, and through the operation of convertible currencies enabled to pay for their purchases from us -- or before we reach that situation, which I must say at the present time sounds like the millenium -- at least until we have achieved a better balance in our trade with the United States, we will be severely hampered in the contribution that we can make towards the development of the potential hydro-electric developments in the world.

This unbalanced position in our external trade is a matter of profound importance on Canada's whole economic position and upon our outlook for the future. The historic pattern of our trade shows a tremendous and increasing dependence on the United States for imports, and yet only a fairly steady, or if anything a falling off in the proportion of our total exports that that country takes from us. On the other side we have a serious diminution in our imports from the United Kingdom, and yet a reliance on the United Kingdom for a fairly constant proportion of an increasing volume of total exports.

Our commodity exports to the United States have never been as great as our imports from that country, and even in pre-war years the difference used to be of the order of one or two hundred millions. In the year 1929 it reached a pre-war peak of \$400,000,000. It was possible for this situation to develop because there was a lengthy period in which a well working system of multilateral payments made it unnecessary for Canada, or for any other country, to be greatly concerned with its bilateral trade balances. The free convertibility of currencies provided us with a ready means of squaring our accounts with all countries, regardless of the size of the balance in any one direction. Now that the multilateral system of payments has suffered a serious breakdown for the second time, or perhaps one should say for the third time in the last generation, Canada and all other countries that are engaged heavily in international trade are facing a difficult stage in their affairs. The balance of trade between pairs of countries -- that is, the bilateral balance -- has become a matter of first importance and will remain so until the mechanism of the multilateral system has once more been placed in good order. That in itself is a tremendous and complex task, requiring measures of many different kinds. It is a job that will require time, even under the best of circumstances.

But while that job is progressing it is, I believe, highly desirable that Canada's trade should be more widely diffused throughout the world, that our exporters should seek out new markets, and our importers new sources of supply. The Department of Trade and Commerce is doing what it can towards this end by such measures as the trade mission, headed by the Hon. Mr. MacKinnon, that is now in South Africa, by the strengthening of our Trade Commissioner offices throughout the world, and of our head office organization in Ottawa, and by such undertakings as the International Trade Fair, which we are sponsoring next year in Toronto. These and other activities are all part of our endeavour to strengthen Canada's foreign trading relationships, not only by stimulating exports but also by seeking out new sources of supply for materials that we must have in order to achieve a more desirable pattern in our foreign trade.

SALMON FOR EXPORT: Permits for the export to any destination of all varieties and forms of Pacific Coast Salmon (fresh, frozen, salted, smoked or canned) are being issued freely as of Wednesday, October 15, according to simultaneous announcements by the Export Permit Branch, Ottawa, and the Chief Supervisor of Fisheries, Vancouver. This action has been taken in view of the fact that the pack of canned salmon is now adequate to meet the requirements of the domestic market and the reduced requirements of the British Ministry of Food.

GREEK BORDER COMMITTEE: On a vote of 36 to 6, with ten abstentions, the Political and Security Committee of the U.N. Assembly adopted, Oct. 11, the United States resolution (as amended by France and the U.K.) for a Special Committee on the Northern Greek border. Canada voted for. The six voting against were: Byelorussia, Czechoslovakia, Poland, Ukraine, USSR and Yugoslavia.

A Soviet proposal was defeated by 40 to 6, with 11 abstentions.

Speaking on the U.S. resolution, Oct. 10, the Minister of Justice, Mr. Ilsley, said: The statements regrettably made in this Committee yesterday by the representatives of the Union of Soviet Socialist Republics and certain other governments indicating that they would neither participate in the establishment of the Special Committee nor co-operate with it after it has been established, make it all the more important to reflect carefully before we decide upon the composition of this Committee.

Now that we have agreed by a large majority to establish this Committee for the purpose of endeavouring to apply procedures of conciliation to the explosive situation which exists on the northern borders of Greece, and to supervise and facilitate the implementation of the resolution of the General Assembly, we must not be diverted from our purpose.

It was suggested yesterday in this Committee that our purpose might best be served by the exclusion of all permanent members of the Security Council from the Special Committee.

In this connection, a parallel was drawn between this Special Committee and the Committee which was sent by the General Assembly to Palestine to investigate and recommend solutions of the Palestine Problem.

URGENT ACTION REQUIRED

Surely we have now reached a point in the Greek case, in which it is not further investigation that is required, but action, urgent action, to conciliate and bring about adjustment in the relations between Greece and her northern neighbours.

In the present situation, which involves the maintenance of international peace and security, the permanent members of the Security Council bear a primary and special responsibility in trying to find a solution.

The representative of the United States said that "The United States was motivated by the desire to press as far as possible for conciliation among the permanent members".

The significant statement in our view is sufficient ground for asking that all the permanent members that are willing to serve should be members of this Special Committee and that the door should be left open to that permanent member which has expressed its intention not to co-operate in this effort, to serve as a member of the Committee as well.

Another important factor which must be

taken into account is that if this Special Committee is to be effective, it must have real prestige and authority and its composition must be such as to assure that this is the case. One cannot read Paragraphs 5 and 6 of the resolution without realizing how desirable it is that the Great Powers be represented on this Committee. Under Paragraph 5, Greece and her northern neighbours are called upon to carry out certain specific measures of co-operation in the settlement of their disputes and under Paragraph 6, the Special Committee is set up not wholly and not mainly to observe and report whether they do or not, but mainly to assist them in doing so. The Committee will have grave and high responsibilities. It may even recommend that a special session of the United Nations be convoked to deal with the situation, should it further deteriorate.

I would therefore urge that this Committee, after reflection, might accept as a basis for the composition of the Committee the view expressed by the United States.

Specifically my proposal is that the Special Committee shall consist of representatives of Australia, Brazil, China, France, Mexico, the Netherlands, Pakistan, the United Kingdom and the United States, seats being held open for Poland and the U. S. S. R.

PALESTINE PARTITION SUPPORTED: Speaking for the Canadian Delegation in the U.N. ad hoc Committee on Palestine, Oct. 14, Mr. Ilsley said: The report of the United Nations Special Committee on Palestine contains the considered judgment of a group of conscientious observers on a problem of world importance. The Canadian Delegation considers that it must express its views on the report, if for no other reason, because the lives and hopes of countless persons and the tranquility of great areas depend upon our ability to find satisfactory answers to the question before us.

WITHOUT COMMITMENTS

The Canadian Delegation has approached the Palestine question at this session of the Assembly without commitments. The Canadian representative on the Special Committee on Palestine was in no way bound by instructions from the Canadian Government and his freedom to use his own judgment and to reach independent conclusions was made known publicly at the time of his appointment. The Canadian Government appointed to this Committee a justice of the Supreme Court of Canada, Mr. Justice Rand, who was specially qualified to consider evidence and to form impartial judgments, and who, in addition, was known to bring no preconceptions or prejudices to the consideration of the Palestine problem.

The conclusions which the Canadian Government has reached in regard to the question of Palestine and which I now propose to outline