

*The Address—Mr. MacInnis*

question of trade, which, whether one agrees with his conclusions or not, was ably discussed this afternoon by the member for Kamloops (Mr. Fulton). I did agree with his concluding remarks to the effect that there would have to be co-operation among the nations in this regard. I made my notes before I heard the hon. member this afternoon, and that was my conclusion. I believe it must be the conclusion of anyone who realistically studies the crises in world trade.

A few weeks before this session of parliament opened, the representatives of Canada, Britain and the United States met in Washington to discuss what was supposed to be Britain's dollar crisis. I said "what was supposed to be," because I think it has been admitted since the conference was held that that crisis is not one which affects Britain alone. It affects all the nations in the sterling bloc and Canada as well. It has become increasingly clear that the immediate crisis was not caused by anything which happened in Britain, but by what happened in the United States.

I have before me a copy of *Foreign Affairs*, a United States publication, October, 1949. The article to which I wish to direct attention is written by Professor John H. Williams, a professor at Harvard university. I would recommend his article to members of the house. It is worth reading. I do not agree with all of his conclusions, but on page 9, referring to the present depression in the United States, he says this:

Our present depression is not large, by comparison with depressions of the past, and for us it will probably prove salutary. Yet—whatever the other considerations—it is certainly the main immediate cause of the present British crisis. It has depressed not only Britain's direct exports to us, but even more importantly the exports to us of primary products from the other sterling area countries the dollar earnings of which go to build up Britain's reserve. This in turn reacts on British exports to those countries; and it will be surprising if it does not also affect continental exports round the whole circle.

It should be noted in this country, and I think it was, that since the depression in the United States where a few weeks ago there were, if there are not now, some four million unemployed, as soon as unemployment began there was a curtailment of the buying of certain goods, mostly luxury goods, in the markets there. This of course resulted in a diminution in Britain's dollar reserves, and in turn Britain had to reduce her buying in the United States. The result of the Washington discussions was the devaluation of currency in the sterling area and a ten per cent devaluation in Canada. Personally, I do not agree that this is any solution to the problem. Devaluation will help those countries which devalue first. It will enable them to get an

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advantage in the market. But as long as our trade is based upon competition, each country in turn will attempt to get the better of its competitors, either by devaluing its currency or by some other means: hence the advantage gained by the first country will in time disappear.

About the same time as the Canadian-British-United States talks on the dollar crisis were taking place, another meeting was held in Washington. That was a meeting of the nations that signed the Atlantic pact. They met there for the purpose of co-ordinating their military defences or, shall I say, our military defences. In military matters we have already come down to the realization that co-operation is our only salvation. I now submit this thought to the house. If co-operation is necessary in military affairs—and I agree that as long as we have to build up our military defences, and we have to do that at this time, co-operation is necessary—how much more necessary is co-operation in our economic affairs. That is why I agree with the hon. member for Kamloops (Mr. Fulton), who said there would have to be co-operation in trade affairs. As a matter of fact, our trade difficulties are fundamentally due to the world's economic development. They are not due to what is done by this country or that country. What is done by the various countries to gain a trade advantage is a result not a cause.

Trade means the exchange of the things we have in surplus for the things we need. As a matter of fact, trade is more important to the country that must buy than it is to the country that must sell. That is why trade is much more important to Britain, who must buy her food, than it is to the United States, who would like to sell some of her surplus products. Trade is therefore important not only because we want to sell. It is twice important, because we must also buy. Trade is important to Canada because, if we cannot exchange our surpluses, our standard of living will fall materially. I repeat that trade difficulties are not fundamentally due to something that one country or another has done; they are due to the general economic development of our world. The fundamental obstacle to trade is the fact that too many nations are producing the same things and are trying to exchange them in a world in which there is no longer a market for them.

In conclusion, I should just like to say that we shall have to remember that the world does move, and that any attempt to go back to the old trading forms that have disappeared is an attempt to turn back the clock. And it will fail just as every attempt to turn back the clock in any other field has failed. Whether