

respective governments. And in between such meetings, periodic conferences of the standing Anglo-Canadian trade committee, which consists of high officials. Of course there is also contact maintained every day in other ways between Commonwealth governments on these questions.

Let us look at the record in this respect. In the last two years Canada has participated in four general international economic conferences, five Commonwealth economic and trade meetings, three tripartite trade discussions in which the United Kingdom was involved, as well as four international trade and economic meetings called for various purposes.

I suggest that the remedy is not through conferences, though they can help very greatly at times. Nor is the remedy, I suggest, through the waving of a magic wand over inconvertibility, converting it into convertibility. The remedy, which is easier to prescribe than to take, is through the acceptance, not merely by Canada, but by all free democratic countries, of sound financial and trading policy, by sterling countries avoiding the creation of high-cost restrictive and discriminatory areas, and by dollar countries on the other hand adopting policies which will permit the sterling debtor countries to export more goods and services, thereby making it possible for these countries to balance their international trade by their own efforts and at a high level.

We think that Canadian policies have been designed in the international economic field to that end, and are becoming increasingly effective for that purpose. Our imports, for instance, were 92 per cent of our exports in 1949, an increase of six per cent over 1948. The imports of the United States of America for eleven months of 1949 were 55 per cent of exports, a decrease of six per cent as compared with 1948.

Having mentioned the United States of America I should like now to go on for a few moments to deal briefly with our relations with that country. Those relations of course continue to be friendly, and are conducted with that good will and mutual understanding which makes it possible to find mutually satisfactory solutions to nearly all the problems that appear--and a good many to appear between us.

Sometimes the government is charged with not taking action which would otherwise be desirable because if we did, it would provoke the United States. Well, Mr. Speaker, it is of course only common sense and good diplomacy not to provoke anyone unnecessarily, especially a good friend and great neighbour. Provocation is not a good basis for diplomacy, either domestic or international. Therefore before we take action which has international repercussions we try to study the effect of that action on our friends, as I hope they do in respect of action which affects us. But I can assure the house that when action has to be taken in a certain way--that is, international action--to advance Canada's best interests, we take it. If we do not put a chip on our shoulders, as some ardent spirits would have us do, to prove how independent we are, this does not mean that our policies are decided by any other nation. They are not--though naturally in this interdependent world they cannot escape being influenced by the policies of others.

In the review of external affairs which I made in the house on November 16 I mentioned certain questions which had arisen in our relationships with the United States, questions which were in need of being solved in that co-operative spirit which characterizes our relations. I am glad to report that progress has been