

the first paid by the reigning sovereign to any of his self-governing dominions. It will be the first time a British king and queen have been in North America. It is deeply gratifying that their majesties' tour will embrace all the provinces of Canada.

The official visit paid Canada in August last by the President of the United States was the occasion of unusually warm demonstrations of friendship and understanding upon both sides of our common border. It is particularly pleasing to the citizens of our country that the king and queen have found it possible to accept the invitation of the president to visit the United States before the conclusion of their Canadian tour.

My ministers have found it necessary to give anxious and continuous consideration to developments in the international situation and their effects upon Canada. Our own relations with other countries continue friendly, but the aggressive policies actively pursued in other continents have inevitably had a disturbing effect upon every part of the world.

The government shared in the general sense of relief that the appalling disaster of war, which threatened Europe during the month of September last, was averted, and in the recognition which that crisis manifested of the widespread will of the peoples for peace. They are hopeful that the efforts now being made to find a solution for the specific differences which are causing friction will meet with success. They recognize, nevertheless, that time is required for these forces to work, and that the possibility of further tension in the meantime must be faced. In this situation, the government have considered that the uncertainties of the future, and the conditions of modern warfare, make it imperative that Canada's defences be materially strengthened.

Two years ago, the appropriations for defence were substantially increased, and a beginning made on a program of modernization to safeguard the country from the dangers of attack. The government intend to pursue this policy vigorously, and to propose to parliament that the program of defence should be further augmented, and that particular emphasis should be laid upon air defence.

Legislation will be introduced to establish a defence purchasing board with power to purchase equipment for the defence services and to ensure that, where private manufacture is necessary, profits in connection with such are fair and reasonable, and that the public interest is protected.

While taking the measures necessary to assure the maintenance of our national integrity against the possibility of external aggression, the government have sought in positive ways to strengthen the mutual interests which unite Canada in friendly relations with other countries.

You will be asked to approve the trade agreement with the United States of America, signed at Washington on November 17, 1938. This agreement fulfils the hope expressed in the speech from the throne, last year, for an agreement with the United States, which would confirm and enlarge the advantages of the agreement concluded in 1935.

Simultaneously with the conclusion of the new agreement between Canada and the United States, a far-reaching agreement was effected between the United States and the United Kingdom. Taken together, the agreements constitute a constructive contribution toward a

betterment of world conditions. It is deeply gratifying to the government that in their efforts to increase, and to ensure over a longer period of time, the advantages to Canadian producers and consumers secured in earlier agreements, they were able, at the same time, to further the ends of international goodwill.

The Canada-United States agreements have involved, in addition to the wider markets secured for Canadian products, a thorough-going revision of the Canadian tariff structure, and a reduction of taxes on trade much greater than that made by any previous parliament, or by any other country in recent years.

Notice has been given, effective December 31, 1939, terminating the Canada-West Indies agreement concluded in 1925. My ministers hope that negotiations will shortly be entered upon leading to a new agreement which will be mutually beneficial to the West Indian colonies and to Canada. In connection therewith the tariff board has been directed to make a careful examination of the sugar preferences and duties.

Unemployment in Canada continues to receive the unremitting attention of local, provincial and federal authorities. Having regard to the existing division of powers and obligations under the British North America Act, responsibility for unemployment and the solution of its problems is necessarily divided. There has been an increasing assumption of obligations on the part of the federal government.

Employment in war industry and the regimentation of masses of men for purposes of war have, to appearances, afforded in some countries a solution of their problem of unemployment. In Canada other methods of dealing with the problem have been followed.

The dominion government have taken active measures to stimulate private employment through the home improvement plan, the National Housing Act, and the Municipal Improvements Assistance Act. Under these measures certain local taxes have been assumed, and loans made to individuals, organizations and municipalities. The sales tax has been eliminated on important building materials. Special aid has been given to the mining industry by subventions, tax exemptions and improved transportation facilities. At the same time, direct employment has been increased through a substantial expansion of federal public works, and through assistance given to the provinces in the construction of highways, for land settlement, for special projects for farm employment and for forest conservation.

Provision has been also made by the dominion government for grants-in-aid to the provinces to assist in the care of those suffering from unemployment and agricultural distress.

The various measures adopted to stimulate employment and afford relief to those in need have operated most successfully in those provinces which have supported them with full cooperation.

In Canada, the problem of unemployment has been aggravated in recent years by recurrent crop failures in the western provinces, and by the serious business recession experienced in the last year in other parts of the world. The intensification of the problem has set forth in bold relief the obstacles which the existing division of constitutional authority places in the way of a solution.

The report of the commission on dominion-provincial relations will be presented to parliament in the course of the present session. In accordance with the purpose for which the