

conditions in Europe to-day. Some of those countries have abandoned the old policy of promoting the interchange of goods and have sought to become water-tight compartments in matters of production and purchase within their own boundaries. There can be no doubt in the world about that.

To-day opinion in the world is divided in large part between the two points of view, as to whether nations are to continue to seek to develop along lines of economic nationalism or whether something more is to be sought by way of international trade and greater freedom of intercourse between nations. This government believes in the latter policy. We have been pursuing it, and pursuing it successfully. Since the world has become as disturbed as it has been in recent years the first great step towards furthering better international relations was the step taken by the present government when it negotiated its first trade agreement with the United States.

Inevitably when the British and United States governments were seeking to develop a trade agreement between themselves the question came up with respect to the agreements which Canada had already had with each of those countries. We had an agreement with Great Britain which originated at the time of the economic conference of 1932, since modified and renewed in part but which expires in 1940. We had our agreement with the United States which with six months' notice would have expired this year. Those two countries were stressing to us their desire to reach a trade agreement between themselves. They kept pointing out that while they were seeking to negotiate a trade agreement between themselves they had in some particulars to bring up for our consideration some of the features of the agreements which were already in existence, one between Canada and Great Britain, the other between Canada and the United States.

Suppose we had assumed the attitude that under no circumstances would we consider—whether or not we got compensation, adequate or greater than adequate—the clause in the agreement between Great Britain and Canada which said that with the consent of the two parties modifications might be made in the agreement at any time, where each of the parties was likely to benefit in the long run. If we had taken any such attitude where would this country have been in 1940 when it came to seek a renewal of our agreement with Great Britain? I want this house to understand just where the country would very shortly be, if policies such as those suggested to-night by my hon. friend opposite were to govern, instead of those which the present administration has followed.

In matters of government it is always wise to look ahead—sometimes a long way ahead. I want to repeat that a consideration of which this country had to take full account when negotiating these agreements was just where would we be when the period of each of the present agreements expired, if we were not able to retain the friendship of the two countries with which we had negotiated our previous agreements? I say any government which would not have considered that aspect of the question would have been recreant in its duty alike to the future and the present, because even within the space of the few months when these negotiations were going on, notice could have been given to terminate at the end of the year the agreement already existing with Canada. Instead of having an enlarged trade agreement, good for the next three years and I hope many more, which will be discussed in the house within the next few weeks, we might well have found ourselves with no agreement at all. I ask hon. members in all parts of the house if that is a position which anyone would have welcomed.

What we have got has been the result of trying to deal in a fair and honourable way with the two countries closest to us, the two countries which are our best customers, the countries with which we have the closest relations and upon which we are dependent for very much of what we enjoy in the way of freedom and security. The government was glad to view the situation in a large way. We indicated, however, at once to our friends alike in Great Britain and in the United States that we would consider modifying our position in the British market only if we were to be ensured of adequate compensation, either by the British or by the Americans or both together, and that only upon that basis were we prepared to consider suggested modification. We believed that once together to discuss matters in the light of a larger agreement calculated to affect many countries, we would be able not only to review the existing agreement but to make a much better agreement for the next three years than the one we had at that time. Such has proved to be the case.

I am not going into the details of the agreement to-night, but I venture to say that when it is discussed in this house hon. members will find that for the next three years and beyond we shall have an agreement much more beneficial to Canada than the one we have had for the last three years. Not only that, but I think it will be found that we in Canada shall also benefit considerably from the agreement that has been made between the United States and Great Britain. We receive extra advantages that arise out of that particular agreement.