

GOVERNMENT



OF CANADA

## CANADIAN WEEKLY BULLETIN

INFORMATION DIVISION

DEPARTMENT OF EXTERNAL AFFAIRS

OTTAWA - CANADA

Vol. 5 No. 5

December 9, 1949

## INDEX TO INSIDE PAGES

Domestic Exports In October \$269, 100,000 ..	2	Department Store Sales .....	7
High Commissioner In Pakistan .....	2	National Sports Conference .....	8
Motor Vehicle Shipments .....	2	New Peak In Auto Sales .....	8
New Army Uniforms .....	5	Maurice Bélanger Resigns .....	8
Trends In Canadian Exports .....	6	Commercial Failures Up .....	8
"Canada In Today's Trading World" .....	7	Mr. Pearson To Colombo Conference .....	8
U.S. Air Commander Visits .....	7	Living Costs Down .....	8

## WEEK'S EVENTS IN REVIEW

**MR. PEARSON ON "ESSENTIALS OF PEACE":** The following is the complete text of the statement on the "Essentials of Peace", delivered by the Secretary of State for External Affairs, Mr. Pearson, Chairman of the Canadian Delegation to the Fourth General Assembly of the United Nations in the Plenary Session, December 1, 1949:

The debate on this item which the Soviet Delegation placed on the agenda of the Assembly -- and which is now coming to an end -- has ranged far and wide over the fields of history, philosophy and politics. It has explored communist dogma. It has led us through the intricacies of Soviet interpretation of their own foreign policy. It has presented us anew with the familiar, and to us unconvincing communist critique of the social, economic and political system of the non-communist world. It has also, of course, produced the usual rude charges that those of us who don't agree with this critique, are "ignoramuses", "senseless babblers", "professional slanderers", etc., etc.

The debate -- here and in the First Committee -- has also produced, among many other things, a great deal of confusion. Some of this is due to deliberate efforts to confuse. Some is due to the fact that the Communist Delegations have presented us with contradictions and inconsistencies.

For instance, we have listened to Mr. Vishinsky denounce as useless the Kellogg Pact and, at the same time, urge in even more general and unspecific terms than those used twenty years ago, the adoption of a new pact amongst the five Great Powers. We have heard him tell us that Marx prophesied that a capitalist society led inevitably to crises which in turn led inevitably to war. The correctness of these prophecies, he said, could be read in history. On another occasion, however, Mr. Vishinsky, referring to the future of the non-communist world, said, and I quote his words: "I am no prophet. Marx was no prophet either". On many occasions Mr. Vishinsky went to great lengths to deny the fear that the communist party believed in the inevitability of force and violence to bring about the social and political changes in which it believes. On another occasion, however, and again I quote his exact words, he said that, "now both in the United Kingdom and in the United States, the prior condition for any people's revolution is the destruction (not change, but destruction) of the governmental system set up in those countries before the Great War".

Yet, in the face of these words and others of the same kind used by contemporary communist leaders, in the face of the violent and war-like pronouncements of the Cominform, especially those hurled at the Government of Yugo-

## DOMESTIC EXPORTS IN OCTOBER \$269,100,000

**17.7 P.C. INCREASE OVER SEPTEMBER:** Canada's domestic exports in October were valued at \$269,100,000, showing an increase of 17.7 per cent over the September total of \$228,400,000, but were 12.4 per cent lower than last year's October value of \$307,000,000 -- the second highest monthly peacetime total on record, the Bureau of Statistics reports.

Last year's September and October totals were at exceptionally high levels due in part to the removal of export controls on the shipments of cattle and meats to the United States and to large sales of ships to France.

Merchandise exports in the first 10 months of this year were valued at \$2,415,100,000 as compared with \$2,465,100,000 in the similar period of 1948.

A large part of the reduction in October from the corresponding month last year was accounted for by sharply reduced exports to France, Italy and the Union of South Africa. Exports to the United Kingdom moved up in the month, while there was a moderate decrease in the value of shipments to the United States. Exports to Latin American countries were lower.

Exports to the United States in October were valued at \$148,056,000 as compared with \$148,911,000 in the corresponding month last year, the 10-month total standing at \$1,172,360,000 as compared with \$1,189,847,000 in the like period of 1948. Shipments to the United Kingdom in October moved up to \$72,276,000 from \$65,573,000, and in the 10 months to \$598,265,000 from \$581,729,000.

Exports to the Union of South Africa in October were down to \$4,316,000 from \$10,521,000

in the same month last year, but the 10-month total was slightly higher at \$67,709,000 from \$66,951,000 in the similar period of 1948. Shipments to the Latin American countries as a group in October were valued at \$9,646,000 compared with \$11,216,000 a year earlier, and totalled \$101,997,000 in the 10 months compared with \$99,299,000.

Exports to France were off sharply in October and the 10 months of this year. In the month, exports to that country were valued at \$1,143,000 compared with \$20,189,000 a year ago, and in the 10 months at \$32,833,000 compared with \$77,524,000. Exports to Italy were also sharply lower, being valued at \$907,000 in October this year compared with \$6,411,000, and in the 10 months at \$9,306,000 compared with \$28,324,000.

Wood, wood products and paper was the only one of the nine main commodity groups to record an increase in October over the corresponding month last year. The total for this group, swelled by increases in the value of exports of planks and boards, and newsprint rose to \$82,799,000 from \$82,031,000.

The agricultural group -- second largest of the nine in the month -- was down in value to \$65,500,000 from \$73,200,000, marked increases in wheat and other grains being outweighed by sharp declines in wheat flour, rubber and products, seeds and several other commodities. Animals and animal products as a group were down in value to \$40,400,000 from \$48,100,000, sharp declines being registered in the exports of cattle, bacon and hams, other meats, but marked advances in fish and fishery products.

Seconded to the Department of External Affairs in 1941, he served in the office of the High Commissioner for Canada at London. He enlisted in the Canadian Artillery in August, 1943, saw service in North West Europe and was discharged, in September, 1945, with the rank of Captain.

Mr. Johnson joined the Department of External Affairs and was appointed Head of its American and Far Eastern Division in February, 1947. He was also External Affairs member and Secretary of the Canadian Section of the Permanent Joint Board on Defence (Canada-United States) during 1947 and 1948. In January, 1949, he was appointed Acting Canadian High Commissioner at Lublin. He is unmarried.

**MOTOR VEHICLE SHIPMENTS:** Factory shipments of Canadian-made motor vehicles in October showed a decrease of nine per cent from the record September total, but were 12 per cent above October last year. During the first 10 months of this year, shipments advanced 17 per cent over the similar period of 1948.

slavia, Mr. Vishinsky asks us to believe in the lamblike qualities of Russian revolutionary communism. Naturally we don't believe this, and we are not deceived by it. Nor are the peoples of the world deceived except those whose minds and souls are drugged and deadened by propaganda from a state machine which prevents them securing information from any other source; a machine, which when it sees fit, can alter for Soviet consumption even the text of speeches given here by the Foreign Minister of the U. S. S. R.

Communist delegations have been accusing us -- and I have been honoured by specific inclusion in this list -- of trying to divert attention from their peaceful intentions by introducing confusing and irrelevant issues. To them any issue which is embarrassing is irrelevant just as any quotation which is disturbing is "tom out of its context". But what is relevant to Mr. Vishinsky; what coherent pattern emerges from the hours and hours of talk in this debate which we have heard from the communist delegations? What does Mr. Vishinsky really want? Essentially it is this; that we should brand the United States and United Kingdom as warmongers; then, so branded, they should be embraced by the U. S. S. R. in a pact of peace and, touched by this fraternal embrace, they and the other democratic countries should disarm unilaterally, without any adequate assurance that the most heavily armed country in the world will put into effect similar measures of disarmament or that it will co-operate in a sincere and earnest desire to close the gap that now divides the world.

**"PROPAGANDA DISARMAMENT"**

This kind of "propaganda disarmament" has been exposed so many times as a manoeuvre, not only futile for, but even dangerous to, peace, that there is little to be added. It has never been exposed more effectively than in the following paragraph from the official Soviet History of Diplomacy published in the U. S. S. R. in 1945. That passage translated into English reads:

"To the same group of examples of the concealment of predatory ends behind noble principles also belong the instances of the exploitation of the idea of disarmament and pacifist propaganda in the broad sense of the word for one's own purposes.

"From time immemorial, the idea of disarmament has been one of the most favoured forms of diplomatic dissimulation of the true motives and plans of those governments which have been seized by such a sudden love of peace. This phenomenon is very understandable. Any proposal for the reduction of armaments could invariably count upon broad popularity and support from public opinion. But, of course, he who proposed such a measure always had to foresee that his intentions would be divined by the partners in this diplomatic game."

We must, however, do our best to draw some permanent benefit from the long and arduous debate in which we have been engaged. With this in mind, I wish to draw the attention of the Assembly to two or three points which have emerged and which seemed to me to point to practical measures which could be taken to restore the confidence which we so greatly need.

When he opened his remarks in the Political Committee, Mr. Vishinsky spoke of a reference which I had made to the growth of what I termed a new imperialism in the East of Europe. This was one of the occasions on which he said that I had been trying to confuse the issue of the debate. If, however, Mr. Vishinsky really wishes to do something about the preservation of peace, he should persuade his Government to pay some attention to the fear in the world of this new imperialism; to the concern -- deep and widespread -- about the methods which it adopts to spread its influence, and the threats to peace which are inherent in those methods. Within the U. S. S. R. sphere of influence -- the new Soviet Empire -- have been included many peoples who previously had their own free governments: Finns, Estonians, Latvians, Lithuanians, Poles, Roumanians. Not all the impassioned eloquence of Mr. Vishinsky or Mr. Manuisky can convince us that these peoples, of their own free will, happily and confidently have entrusted their destinies and their persons to the U. S. S. R. The fact that the Soviet Government find it necessary to cut off their inhabitants from all normal contacts with other countries; to distort and manipulate information about other peoples in order to create misunderstanding and fear is convincing evidence to the contrary.

**EXPLOSIVE AREA**

The methods used to create and maintain this Soviet sphere of influence have converted it into one of the most unstable, restless and explosive areas of the world. That is a pressing danger to peace, the evidence of which is before us every day. Thousands of people from the Baltic communities have had to be expelled from their homes; a Marshal of the U. S. S. R. has become the Polish Defence Minister; the leader of the Hungarian Church has had to be imprisoned; a communist Foreign Minister of Hungary has been hanged for treason; the Government of Czechoslovakia has been catapulted into a persecution of its middle classes. The communist Governments of Roumania and Bulgaria have been engulfed in internal dissension and the people of Albania have been involved in an economic crisis which daily threatens their existence. And to complete the picture, the people of Yugoslavia have now had to stake their very lives on an effort, single-handed, to free themselves from the yoke of Soviet domination.

Mr. President, this is a frightening state of affairs. It is therefore my sincere and earnest hope that, as a contribution to the peace of the world, the Government of the U.S.S.R. will abandon this aggressive intervention in the affairs of other countries. Peoples are gaining their freedom in other parts of the world by a process of adjustment and negotiation. If the Soviet Union will relax its tight grip over the people on its borders, so that they too may work out freely their relation with their great neighbours, we shall all breathe more easily. We do not wish a third time to see the world engulfed in war because of trouble in the Balkans or in the Russian borderlands.

OTHER PRACTICAL MEASURES

There are still other practical measures by which we might remove the fear of war. I am not sure from his many statements whether or not Mr. Vishinsky really believes that it is possible to organize peace. Again and again he told us that he was convinced that the rest of the world was determined to make war upon the Soviet Union. If he believes that the fifty-four states which refused to vote for his resolution are planning an attack on his country, I do not suppose that anything we can say or do can put his mind to rest. In spite of everything he has said about disarmament, he does not even think that disarmament would bring him much comfort. On one occasion for example, he made the following assertion about Iceland, which he regards as a danger to the Soviet Union even though it is totally disarmed. He said: "As if it were necessary to have an army to be a warmonger, as if it were necessary to have naval and air forces to be a warmonger. If one went along on that basis, one could conclude that whoever has the greatest army is a warmonger, whoever has the greatest navy is a greater warmonger, and whoever has the greatest air force is the greatest warmonger. Then we could just pick and choose." Mr. Vishinsky seems by this to think that military preparations bear no relation to the evil intentions that he fears. From this one can only conclude that he considers himself in danger no matter what happens.

If Mr. Vishinsky were always as discouraging as this, there would be no point in our continuing the debate, and it would be better for us to pack up and go home. On other occasions, however, he has taken a quite different line, and seemed to indicate that it was possible for the Soviet position to be flexible and even conciliatory. At one point in our debate for example, he said the following: "I remember that at one meeting of the Committee, the representative of Uruguay reported that in a dispute between Bolivia and Peru, 65 proposals were submitted, that the 66th proposal was finally adopted and that it removed the conflict between those two Latin American countries. If this is so, why cannot we strive,

why cannot we now face all divergencies of opinion, keep looking for the true road toward co-operation and the resolution of differences? Why cannot we keep hoping that we shall find the solution eventually -- if we are really permeated with the desire to find it, which is the main point?" On still another occasion Mr. Kiselev asserted that Marx and Lenin believed in "the possibility of good neighbourly or friendly relations between the Soviet Union and capitalist countries in general, and the United States and the United Kingdom in particular". He supported this argument by quoting Stalin to this effect: "We stand for peace and for the strengthening of business and commercial relations with all countries."

Now this is the kind of proposition that we understand and that we believe in. We are willing to negotiate with Mr. Vishinsky and his colleagues 66 times, or even 666 times, provided that Mr. Vishinsky really believes that there is some possibility of a firm and honest accommodation emerging from these discussions. There cannot, however, be such a settlement unless both sides, in the give and take of negotiation, are willing to adjust their positions when necessary, to write the agreement in simple and precise terms, to carry out its provisions in good faith, and then to regard the matter as settled. We get nowhere, however, if negotiations are carried on in what is called "double talk" -- that is, if people turn up after the negotiations are ended and assert that at the conference table they had meant something quite different from what they had seemed to mean.

MAINTENANCE OF PEACE

Let us assume, however, that Mr. Vishinsky really means what he says when he suggests that his Government is willing to go steadily and patiently to the end of the long road of negotiation by which international problems are settled. This is hopeful news. It will mean more to the world than any number of five-power pacts, for it will enable us to set about solving the many outstanding problems which have been left over since the end of the war. The most dangerous feature in the immediate situation is that we may be led to think that it is hopeless to try to make this effort. History, meanwhile, is adding new complications to these problems, hardening the moulds that must be changed, giving permanency to situations which we all regarded as temporary. These problems can be found at every point on the circumference of the Russian sphere of influence, and in all the major issues that stand between us. They cannot be settled without concessions on both sides. The most useful contribution that Mr. Vishinsky and his Government could make to the maintenance of peace would be to come forward with practical suggestions which he honestly thinks might form a basis for reasonable negotiation for the settlement of any one of these outstanding

problems. Even if we could settle one of them, the temperature of international relations would start to go down, the fevers would start to abate, and the peaceful objectives which he and his friends vociferously proclaim would come within our reach.

What we lack, of course, is mutual confidence. I do not suppose that we can restore confidence solely by talking, but I think it will be useful to us all if we study the statements that have been made in this debate. Perhaps we shall at least understand one another better. From the study that I have been able to make of them so far, I am surprised to find that Mr. Vishinsky and his colleagues seem still to be obsessed with the old fear of encirclement and intervention. At one point he said with a great show of enthusiasm that six hundred million people in the world shared his views. I presume that he reached the figure of six hundred million by adding together the two hundred million people of the Soviet Union, and its borderlands in Europe and the four hundred million people of China whom he now claims to be within the communist world. Time alone will tell whether the Chinese are as zealous converts as he now assumes, but at least he is entitled to take what comfort he can out of the present circumstances. Since he reaches his figure of six hundred million people in this way, one must conclude that he regards the entire balance of the world outside this area as being hostile to the Soviet Union. Let me assure him, however, that the Russian people do have friends in the free world -- not only communist friends, but friends of all sorts who admire the courage and resourcefulness of that people and who sincerely desire to live at peace with them on the basis of mutual toleration and respect. Intervention was certainly a fact in Russian history, but it is long since dead.

Why does Mr. Vishinsky feel that he must frighten people of his own country by making this ghost walk again? As for encirclement; well, we are all encircled, if we choose to look at the world that way. Surely the leaders of the Soviet Union, whose power is greater than ever before in Russian history, cannot have any real fear of encirclement. This again may be something which Mr. Vishinsky is talking about because of its effect on his own people; because of the desire of the ruling circles in Russia to hold these people together even if fears and suspicions must be manufactured for that purpose. It is an old device

**NEW ARMY UNIFORMS:** Canadian soldiers are to get smart new blue serge "walking out" uniforms, "by 1951", military authorities said on December 5.

The uniform will consist of jacket with stand-up collar and no belt, and trousers with a colored "regimental" stripe.

Authorities have not yet reached a decision

in history, I cannot believe, however, that this state of mind will necessarily persist. We have heard on many occasions from Soviet delegates about the great progress that is being made within the Soviet Union. If these reports are true, we may hope Mr. Vishinsky and his colleagues will soon feel able to give up the business of telling their people that the rest of the world is determined to destroy them and that they will one day abandon their customary practice of picking and choosing blood-curdling stories and reports from the free western press for speeches in the United Nations and for circulation at home, in order to incite and frighten those who have no way of checking their accuracy or importance.

Let me conclude by quoting again from Mr. Vishinsky's remarks in the course of the present debate: "Each of us", he said, "has his own conceptions. But if we find no common ground for understanding, then of course co-operation is impossible. Is it possible to find such common ground? I submit that it is and I shall prove this, in connection with another important question which was raised here, the question of war and the question of the possible co-existence of systems with the statements of our great teachers Lenin and Stalin and the teachers of our teachers, Marx and Engels." This quotation represents the element in Mr. Vishinsky's many speeches which gives us some ground for hope. If this is what he and his Government really believe, there will be a ready response from us and there is ground for hope. But this belief must be demonstrated in deeds; in the application of these principles to our mutual problems. We accept that test for ourselves. We demand its acceptance by others. We do not find such acceptance in the denunciatory Soviet resolution before us and in the violent speeches that have been made in support of it.

Above all, we ask the U.S.S.R. to keep its Cominform from attempting to overthrow by force other peoples' governments and institutions and we remind Mr. Vishinsky of his own words "ideological intervention is wont to become military".

That statement, Mr. President, is very true and it embodies the greatest threat to peace which now exists. The Anglo-American resolution lays down principles which, if implemented, will lessen that threat and the Canadian Delegation therefore supports it and will vote for it.

as to what type of headdress will be worn with the new uniforms, but it probably will be either a colored beret or colored forage cap.

Design of the new walking out dress has been receiving the consideration of military dress authorities since 1945 and enough cloth has been ordered to cover delivery of uniforms to the Active Force some time in 1951.

## TRENDS IN CANADIAN EXPORTS

**TEN-MONTH TOTAL DOWN:** Several factors in the international situation have threatened the level of Canada's exports this year, notably the severe dollar shortage in Canada's overseas markets, business readjustments in the United States, and the development of a supply which approximated the level of world demand in a number of important markets for the first time since before the war. Despite these adverse influences the total value of domestic exports remained above 1948 levels until the end of August, although five of the nine main export groups showed considerable declines. In September, however, exports dipped sharply below the 1948 level for that month, and the cumulative total for the nine months fell \$12.2 million short of that for 1948. October's exports were again lower than those of the corresponding month in 1948, and the cumulative total for the 10 months stands at \$2,415.1 million, \$50 million below last year's 10-month total.

## CURRENCY REVALUATIONS

The trends apparent in the export figures for the first 10 months of this year will not necessarily be continued in future months. The September currency revaluations, including the devaluation of the Canadian dollar on September 19, may be expected to have some important effects on trade which have not yet had time to reveal themselves, the Bureau of Statistics reports.

In making comparison with 1948 statistics it is important to note that in the last four months of that year Canadian exports showed much more than the usual seasonal increases. In those months exports of agricultural and vegetable products and of animals and animal products rose sharply, while exports of iron and its products and base metals also moved upwards. One of the most important factors in the high level of exports in the Fall of 1948 was the removal in August of the embargoes on the export of beef and beef cattle to the United States. The meat shortage then existing in that country, with the resulting high prices for beef and cattle in its markets, called forth heavy shipments of these products from Canada to the United States. Exports of beef cattle and meat have continued this year at a high and steady rate, but are not up to the post-embargo rush.

Exports in three of the nine main export groups -- agricultural and vegetable products, iron and its products, and non-ferrous metals and their products -- bettered their 1948 cumulative totals in the first 10 months of this year. But in all three cases exports in October 1949 were lower than in October 1948. The only group to surpass the value of exports recorded for the month of October last year was the wood, wood products and paper group,

which has fallen short of the corresponding 1948 value in every other month of this year and is \$77.4 million below last year's cumulative total for the first 10 months. Chiefly responsible for this group's gain last month was a revival in exports of planks and boards. These averaged about \$4.5 million below 1948 values in each of the first nine months of this year but in October rose above the October 1948 level by \$1.8 million. Newsprint the only major item in this group which, except for one month, has consistently bettered 1948 export values.

## WORLD DOLLAR SHORTAGE

The world dollar shortage affects almost all overseas markets; from the Canadian point of view the most important market so affected is the United Kingdom. The severity of that country's exchange problems was emphasized by its recent currency devaluation of about 30 per cent relative to the United States dollar. Despite this situation, Canadian exports to the United Kingdom have been above 1948 levels in each month this year from June till the present, and since August the cumulative totals have been above those of 1948. To some extent, this is due to the increase, effective in August, 1948, in the contract price for wheat. There has also been an exceptionally heavy volume of wheat exports to that market -- 100.5 million bushels in the first nine months of this year as compared with 83.8 million bushels in the corresponding period of 1948. Exports of base metals for industry have also been heavy. But any increase in total exports to the United Kingdom is remarkable in view of the \$50.9 million drop in exports of bacon and hams to that market, and also of the fact that that country's import controls exclude a wide range of imports from Canada.

There has been a downward trend for some months in Canada's exports to the rest of the Commonwealth, although this trend has been countered by especially heavy exports to India, Pakistan, and the Union of South Africa. India and South Africa have this year made large expenditures on Canadian wheat, \$23.0 million and \$17.7 million respectively in the nine months ending September. Neither country customarily buys Canadian wheat in comparable amounts, and no Canadian wheat was sold to either country in 1947 or 1948. Both countries have also spent heavily on Canadian railway equipment this year, \$5.6 million in the former case and \$13.7 million in the latter in the first nine months. In this period India also received delivery of Canadian locomotives to the value of \$15.4 million, representing the filling of orders on which work has been proceeding for some time. To the end of September these exceptional items accounted for 75 per cent of Canadian exports to India.

## "CANADA IN TODAY'S TRADING WORLD"

**ADDRESS BY MR. HOWE:** The Minister of Trade and Commerce, Mr. Howe, on December 6, addressed the Massachusetts Institute of Technology Club of New York on, "Canada In Today's Trading World." He concluded his remarks as follows:

"The trade problem between the dollar world and the non-dollar world is, in many respects, similar to the wartime problem that existed between Canada and the United States. That problem was solved, and solved successfully, to our mutual advantage. Surely our present problems are not beyond our wit to solve. High tariffs are one of the present obstacles. Let us make a real approach to removing that particular obstacle. The alternative is either a collapse of multilateral trade, or a continuation of large scale lending by North America to proud countries which do not want charity and are able and willing to pay for their needs with goods. The objective must be to put an end to loans and gifts by opening up the channels of trade. For leadership in this direction, the world looks to the United States, the country with the strongest economy in the world.

"The unbalance of trade today is in effect being settled with Marshall Plan dollars. Faced with the ending of Marshall Plan aid, every country must concern itself with bringing its trade into balance with the dollar area and particularly with the United States. Again taking Canada as an example, this will mean for Canada the shifting of several hundreds of million dollars worth of imports, from the United States to Britain and European countries. We must increase our imports from Europe, but at the moment we can only do this by reducing our imports from the United States. To the extent that we can increase our sales to you, we can of course balance our position by positive, rather than by those negative measures which are always painful to both sides.

"The magnificent co-operation that was achieved between our two countries during the

war was made possible by the simplicity of the objective. Everyone realized that nothing must be allowed to interfere with the winning of the war. In the result, the objective was attained without disturbance to the pattern of our industrial system. Looking at the problem solely from the commercial point of view, the special exchanges of goods across our common boundary did not interfere with the welfare of any individual groups in either of our countries.

"The problems that we face today are no less serious than those we faced during the war years. Unfortunately, the objectives are not as clear, and the fundamentals not so well understood, in our two countries. Whether we like it or not, the peoples of the world today are divided into three distinct groups -- those who have an abiding faith in what we call democracy, which, in the last analysis, is a recognition of the supremacy of the individual over the state; those who have accepted totalitarianism, which acknowledges the supremacy of the state over the individual; and the third group, those who are trying to decide which of these two systems offers them the best hope for the future. Under these circumstances, there can be no doubt of the importance of the example set by the democracies, and particularly the importance of maintaining prosperity and a high level of employment in their territories.

"In the 1930's, when the level of industrial activity was falling, and we were faced with declining employment, solutions took the form of countries trying to live within themselves. We all know what happened. This time the stakes for which we are playing are even greater and failure would mean throwing away all the efforts and sacrifices of the war years. Above all else, the trade which crosses the Canadian-American boundary must be made an example of what can be done between two like-minded sovereign states, and a model for our trade relations with other like-minded countries.

**U.S. AIR COMMANDER VISITS:** The Commanding General of the U.S. Continental Air Command, Lt. Gen. Ennis C. Whitehead, arrived at Rockcliffe air station Monday afternoon for a two-day routine visit to Air Force Headquarters. General Whitehead stopped briefly in Toronto Monday morning enroute to Ottawa, and toured the A.V. Roe aircraft plant at nearby Malton.

General Whitehead is meeting RCAF Headquarters officers while in Ottawa, and is also to visit Rockcliffe station, centre for the RCAF's air transport and photo survey activities.

A test pilot in the First World War, General Whitehead was in command of an advanced U.S.

Flying school at the time of Pearl Harbour. In 1942 he went to the South Pacific as Deputy Commander of the Fifth Air Force, and was appointed Commander in 1944.

After the war he was named Commanding General of the Far East Air Force, where he remained until taking up his present appointment.

**DEPARTMENTAL STORE SALES:** Department store sales in Canada in October -- excluding Newfoundland -- amounted to \$82,938,000, showing a small increase of 0.8 per cent over last year's corresponding total of \$82,307,000.

**NATIONAL SPORTS CONFERENCE:** Invitations have just been issued to more than 40 national sports organizations, both amateur and professional, to attend a second conference of sports-governing bodies in Ottawa on January 6 and 7.

This was announced on December 2 by J.H. Ross of Calgary, recently named by the National Council on Physical Fitness to convene such a meeting, and by Dr. Doris W. Plewes, of Ottawa, the conference secretary.

The first conference held in Ottawa last January to consider ways of promoting greater participation in sports in Canada was attended by nearly 70 representatives and observers.

Several committees established at the first meeting are scheduled to bring in reports on such matters as the participation of school students in outside sports, co-ordination and simplification of the amateur code; establishment of a permanent, non-governmental sports council; and requests to the Cabinet for grants for sports facilities.

**NEW PEAK IN AUTO SALES:** A new monthly post-war peak was reached in the sales of new motor vehicles in October, while the financing of sales of new and used vehicles was maintained at a high level. Cumulative totals for the first 10 months of this year show marked advances in both sales and financing.

In the month, 29,577 new motor vehicles were sold for a total of \$59,762,631 as compared with 21,110 units retailed for \$41,740,931 in October, 1948. New and used vehicles financed in October totalled 22,057 units for a total of \$20,384,390 as against 14,012 units financed for \$12,988,618.

In the 10 months ending October, 235,232 new vehicles were sold for a total of \$487,392,443 as compared with 177,491 for \$352,089,771 in the like period of 1948. New and used motor vehicles financed in the 10 months totalled 194,591 involving \$182,271,842 as compared with 129,988 vehicles financed for \$120,337,918 in the same period of 1948.

**MAURICE BELANGER RESIGNS:** Resignation of Maurice Bélanger from the Trade Commissioner Service has been announced by the Minister of Trade and Commerce, Mr. Howe. Formerly Canadian Commercial Secretary in Rio de Janeiro, Mr. Bélanger will take up a position with the Brazilian Traction Light and Power Co. in the same city.

**COMMERCIAL FAILURES UP:** Commercial failures rose sharply in the first nine months of 1949 to reach a total of 739 as compared with 606 in the same period of 1948, and the defaulted liabilities rose 34 per cent to \$15,144,000.

**MR. PEARSON TO COLOMBO CONFERENCE:** The following is the text of the statement on the Colombo Conference made by the Secretary of State for External Affairs, Mr. Pearson, at a Press Conference on December 8:

On November 17, during the debate on External Affairs, I stated that Canada would be represented by a Minister at the important forthcoming meeting of Commonwealth Ministers of External Affairs in Colombo, Ceylon. I am now in a position to state that the Government has decided that the Secretary of State for External Affairs should head the Canadian Delegation to this Conference.

The Minister of Fisheries, who will be representing Canada at the meeting of the Governing Body of the International Labour Organization at Mysore, India, at the beginning of January, will also, I hope, be available to attend the Colombo Conference.

The advisers to the Canadian Delegation to the Colombo Conference will consist of the Deputy Under-Secretary, Escott Reid; the Head of the Far Eastern Division of the Department, Arthur Menzies; and D.V. LePan of the Economic Division of the Department.

It has been arranged that the newly appointed Canadian High Commissioner to Pakistan, David Johnson, will travel with the Delegation to Colombo en route to his post, and will also act as an advisor. A senior official of the Department of Trade and Commerce will accompany the Delegation because we hope to take advantage of our presence in Karachi, New Delhi and Colombo to explore the possibilities of increased trade between Canada and Pakistan, India and Ceylon.

**LIVING COSTS DOWN:** The Bureau of Statistics cost-of-living index receded 0.5 points to 161.7 between October 1 and November 1, 1949. This marked the third successive monthly decline and placed the index 1.1 points below the August peak of 162.8. Easier food quotations again were primarily responsible for the decrease, although the clothing index moved down fractionally. From August 1939 to November 1949 the increase in the cost-of-living index was 60.4 per cent.

The food index dropped 1.7 points to 203.3 during October, due mainly to seasonal weakness for meats coupled with lower prices for eggs and fresh and canned vegetables. These outweighed increases for oranges, lemons and coffee. Clothing, the only other group to register a decline, receded from 184.1 to 183.7, due mainly to decreases for men's overcoats and suits and women's topcoats.

Higher quotations for coal and coke imported from the United States were reflected in a further advance in the fuel and light index from 134.1 to 135.1.