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WEEK'S EVENTS IN REVIEW

MR. GORDON ON WORLD TRADE: The Deputy Governor of the Bank of Canada, Mr. Donald Gordon, delivered an address to the Thirty-Sixth National Foreign Trade Convention in New York City, on October 31, in which he expressed the conviction that there could be no effective or permanent solution of the dollar shortage abroad unless North America, and especially the United States, assumed the role of furnishing a much larger and more reliable import market for goods which other countries have for sale.

After detailing the means taken to meet the series of crises in the field of international trade and foreign exchange which he said had been witnessed since 1939, he dealt with the crisis of 1949 and spoke of what he called "the North American export surplus." While both Canada and the United States had an export surplus with the non-North American world, he said, only the United States had an export surplus with the whole world.

The text of his address proceeded, in part, as follows:-

"....Canada imports about as much as it exports, and any reduction in its export surplus with the outside world would have to be counterbalanced by a similar reduction in its import surplus with the United States. Unless the United States by increased imports reduces its export surplus to the point where Canada's customers overseas have enough dollar income to settle for our export surplus with them, Canada will be faced with the loss of necessary

export markets when the temporary support of gifts and loans comes to an end. Canada in such circumstances would be driven to a restriction of imports from the United States and would have to find alternative sources of supply, in Europe and elsewhere, among the countries which take our exports....

"We in North America have up till now tried to make good the inadequacies of the international income of our friends abroad by capital donations, and for a time, indeed, it was necessary and desirable that we should do so. But that process cannot continue indefinitely. Knowing this, the countries of Europe, and elsewhere, have begun a process of restricting their expenditures in the dollar area to the level of their inadequate income from the dollar area....

"Now this presents a great challenge to North America. It requires, I believe, nothing less than a radical and far-reaching change in the whole tenor of North American thinking about international economic policy. I believe it requires that North America now replace Europe as the dynamic centre and chief support of the world trade structure....

"Right now is a most appropriate time to consider such matters. At the moment, there is, in respect of international economic policy and action, a period of relative calm after the latest crisis in the efforts to restore a world trading community. No doubt the calm is more apparent than real, and certainly it cannot be more than temporary. Perhaps it might