

STATEMENTS AND SPEECHES

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OUR DOLLARS WERE EXPENDABLE

Summary of remarks by Mr. Donald Gordon,
Deputy Governor, Bank of Canada, to National
Conference of Business Paper Editors,
Washington, February 27, 1948.

This address deals mainly with the balance of accounts between the United States and Canada. One should not be deceived into thinking that the solution of the problem in this field is a simple one because our mutual difficulties are, in effect, one more symptom of world-wide disorder.

Much has been said about the unique relationship between the United States and Canada. It is an example in a world of conflicting ideologies, jealousies, and hates which cannot be overstated. It is all the more impressive when it is realized that despite the disproportionate sizes and strengths of the two economies there arises no question of the smaller being the satellite of the larger.

Moreover, the United States has reason to know that in times of emergency Canada is a powerful and competent ally. Still further, Canada is the largest customer of the United States in terms of commodities and services. On the other side, the United States has a larger capital investment in Canada than have all other countries of the world combined.

But satisfactory as all this is, we must constantly remember that our relationships must never be taken for granted. We owe a debt to each other to keep informed about them and to cultivate them.

Recent events in Canada have given special emphasis to this point. The fact that Canada had enormously increased its imports from the United States over the past few years was a matter of general knowledge but did not until comparatively recently excite much comment. The fact that Canada had extended very large postwar credits likewise attracted relatively little attention. Finally, the inevitable effects of the delayed recovery of Western Europe on the Canadian economy were not foreseen in the United States and even yet the action which Canada was forced to take is not understood, and in some quarters is criticized and resented.

This Canadian action came at the very time that announcements were being made to the effect that after nearly a year of discussion the Geneva Conference had reached a preliminary understanding. There can be no question that the timing of the Canadian action was unhappy and yet the hard facts made it inevitable.