

attempting to live beyond their means. This is what we have tried, with some success, to avoid in Canada by the anti-inflationary policy pursued during the past year.

I do not imply that mistakes were made in the United Kingdom, nor that we in Canada have necessarily been wiser than they in the conduct of our affairs. In the United Kingdom, the burden of rearmament was added to a domestic economy which was still recovering from the last war and in which efforts were being made to raise the standard of living.

Just as the darkest hour of the night precedes the dawn, we have noted the increased consideration being given, in the United Kingdom, to the eventual objective of attaining convertibility between sterling and dollars. This is most desirable, whenever it becomes possible, as a contribution to joint trade between the sterling area and the dollar area. It should also be recognized as an essential step in the realization of a North Atlantic community of nations, if the North Atlantic countries are to develop as trading partners, in addition to being military associates. I make these remarks to indicate what should be our objective, but not with any intention of putting pressure on our friends in Britain and in Western Europe, who confront grave issues at the present moment.

While Canada is not a member of the sterling area, the future of the United Kingdom and the other Commonwealth countries is of great importance to us in the field of trade. These are still large-scale markets for our goods and they are the source of many of the commodity supplies which are essential to our economy.

As far as our exports to the United Kingdom are concerned, they will not be greatly affected in total in the immediate future by the import restrictions that have been imposed. The United Kingdom is greatly in need of additional supplies of certain of our strategic materials. We know, however, that some imports from Canada will have to be cut back.

There are similar difficulties in other countries. France has recently imposed new import controls. Even Belgium has been led to a policy of import restrictions upon dollar goods, to our great regret.

As far as Canada is concerned, the most important thing about the sterling area crisis is not its immediate effect upon our trade, important as that may be to some producers. Can the crisis be surmounted? That is our chief concern. The Canadian Government believes that a great deal can be done to increase trade, both ways, between Canada and all of the Commonwealth countries and Western Europe to the advantage of everyone concerned. Canada offers a good and a growing market for a wide range of goods and materials, from highly fabricated engineering goods, machinery and equipment to fats and oils, coffee, copra and cocoa:

Let me now refer to our trade with Latin America to which the Canadian Government attaches particular importance. Latin American countries, in many instances, provide good potential markets for manufactured goods of the types we have to sell, and I feel sure we can buy more from them to build up complementary trade. Steps have been taken since the war to strengthen our diplomatic and trade representations in a number of the Latin American countries