

and other member Governments, which is able to give developmental projects thorough study on the basis of the best commercial and financial advice obtainable. Participation of the International Bank in the development of countries which require outside capital is the best guarantee I know of that the development will be fruitful and will in the end contribute to the ability of such countries to service their obligations.

One factor which has seriously aggravated the present difficulties of a number of European countries is that they are maintaining a high level of overseas expenditures, far beyond their capacity, partly by way of political and military activities to maintain law and order and resist Russia's imperialistic programmes, and partly by way of capital exports for developmental purposes. The United Kingdom, for example, has had a large surplus of exports to many countries outside the dollar area, financed partly by new transfers of capital and partly by a very rapid using up of sterling balances accumulated during the war by India and a number of other countries.

But the economic pattern has changed, and European countries can no longer afford to play the role which they once did so effectively. What is happening today is that they weaken themselves by giving aid to others, and then have to rely on North America for aid for themselves. At the same time, by overstraining themselves they aggravate the austerity of their own condition, which results in new controls and new restrictions.

Surely it is inherent in the altered relations between Europe and North America that the greater part of the financial and physical capital required for world development must now come from a new source, no longer from the old. We have the necessary resources to do the job, and it is vital to our own interests to see that the job is done, and well done. This would be true in a time of peace. It is even more true in the present condition of cold war when in every section of the world one of the most brutal and pernicious forms of imperialism ever known is seeking to attack and destroy everything we believe in. Those underdeveloped areas of the world that are still outside the iron curtain must be assisted to increase their production, raise their standard of living and build up their economic and social defences against the aggression and domination which threaten them.

The question I leave with you for deliberation therefore is very simple. It is that we of North America stand at a cross-roads. If we take one road we accept the new role of North America. It requires that we furnish a ready import market for the goods of other nations and also that we supply development capital for less advanced regions. Following that road we may hope to see an expansion throughout the world of the good life which is our North American heritage based as it is on democratic institutions of a type which have yielded the best way of living that civilized people have ever established. If that be true, as I profoundly believe it to be, then the alternative choice need not be stated.