

unofficial market for the Canadian dollar in New York. This is a narrow market which is supplied by Americans who have obtained Canadian dollars from the sale of Canadian investments -- dollars which we cannot afford to transfer at the official rate. The dollars purchased in this market are limited in their use to one or two purposes and can only be purchased by non-residents. Therefore, only a small fraction of the exchange transactions involving Canadian dollars goes through this unofficial market and it is not surprising that it frequently reflects completely unfounded rumours concerning possible depreciation of our dollar. The vast bulk of our business with your country, including all imports and exports and all other current transactions except part of your tourist expenditures in Canada, goes through at the official rate of exchange. Every penny, for example, of the large interest and dividend payments which are made to your investors is transferred at the official rate. Since the beginning of the war and in spite of all the exchange difficulties that we had in the early part of the war, we have paid over \$1 $\frac{3}{4}$ billion in interest and dividends to your investors and we have paid every cent of it at the official rate. U. S. investors have had a remarkable record of safety and satisfaction with their Canadian investments. They have seen Canada face temporary difficulties in the past and always take the steps necessary to correct the situation. Those who really know us are confident that we will solve our problems. We are proud of that confidence and we believe it to be soundly based.

There has been some confusion as to why Canada is in dollar difficulties. For example, you may have heard the argument presented that there is a parallel between the Canadian dollar shortage and the dollar shortages of the United Kingdom and countries of Western Europe. Actually, they are similar in one respect only -- that is, they all derive from the basic disequilibrium in the balance of trade of the United States. The differences are certainly more fundamental. The essential problem in the United Kingdom and Europe is one of production and exports -- Canada has no such problem. The expansion of industry and production in Canada during the war was phenomenal. That growth is still continuing. We are experiencing no unemployment. On the contrary, there is a manpower shortage. Our national production is at the highest point in our history and is still growing. As a result, we are exporting more than we are importing and we have an over-all surplus in our current transactions with the rest of the world. Our problem is merely one of balance with one part of the world, and relatively simple and superficial compared with the difficulties of the rest of the world.

Canada has taken a very serious interest in the Marshall plan since that historic day of the speech at Harvard almost a year ago. The Canadian interest in the European Recovery Programme is mainly directed to the effect it will have in restoring health and normalcy to Europe. There can be no satisfactory solution of the long term Canadian problem independently of a solution of the European problem, unless we are to suffer serious shifts in our entire structure of production and trade and serious inroads in our standard of living. Hence the Canadian stake in the European Recovery Programme is a heavy one. Of course, we are also interested in the immediate effects the Programme will have in increasing the international supply of U. S. dollars. It will mean that we can continue to ship essential food and material to Europe and receive payment for a substantial portion in hard currency. This will enable us to pay for essential U. S. imports without which our material contribution to European recovery would be seriously impaired. It will enable us to carry on and to play our part in European Recovery without the need to impose further restrictions on our imports from the United States.

I have indicated earlier in my remarks the extent to which Canada has contributed to European recovery. I can only add now that Canada will continue to work for European recovery to the extent of her capacities,