

the field of wheat shipments. That still leaves for contributions by the United States the almost irreducible sum of \$6,800,000,000 - the mystic figure which looms so large in the press of the United States today.

Constitutional arrangements on the North American continent prevent the voice of Canada, our polite neighbour and partner on the North, from being raised in the American Congress, but the voice of her experience ought to resound there, for try as she did to the fullest limit of her capacity, Canada could fill only a fraction of the necessities for European recovery.

Is it possible with this lesson before us that we too in the United States will pay the price of appropriating "too little"? Is it possible that the \$6,800,000,000 (which has already shrunk in its buying power due to increasing prices, in the amount of \$400,000,000 since the estimates were made) will be slashed by the remnants of the old-guard isolationists in the United States Congress, who down in their hearts think we ought to stay at home anyhow?

Is it possible that a rehabilitation programme to revive European industry will degenerate into a bare relief programme by slashing the \$6,800,000,000 to \$400,000,000 or \$5,000,000,000?

This debate must be left to Congress, which in turn must answer to history for its decision.

An open question for each and every one of us, however, is whether or not the Marshall plan as proposed calls forth the best and quickest resources for attacking the problem of European recovery. I think it is an excellent specific for the crisis ably conceived, but I believe it leaves untapped a great reservoir of reconstructive power.

3. THE UNTAPPED RESERVOIR OF RECONSTRUCTIVE POWER; PRIVATE INVESTMENTS

Under the proposed Economic Cooperative Bill embracing the Marshall plan, inadequate consideration is given to a vast resource of private initiative and capital which can be loosed on the objectives of the Marshall plan. The report to Congress seems to touch rather timidly the locks on the sluice gates of these reservoirs instead of vigorously seeking a way to open them. Let us look at certain factors which show that a powerful flow of initiative and capital could be loosed in the not too distant future.

9 I. Corporate earnings and surpluses: With unprecedented earnings which have accumulated in recent years, an ominous cloud appears over the horizon for American corporate management. The famous section "102" of our Internal Revenue Code virtually prohibits the accumulation of earnings or profits beyond "the reasonable needs of the business." Surpluses are subject to high tax levies. (5) With the larger controlling

(5) Internal Revenue Code, C.C.H. p. 611, Sec. 102; tax of 27-1/2% of excess amount undistributed not exceeding \$100,000; 38-1/2% of such income in excess of \$100,000.