

I was not alone in expressing anxiety over what was going on and in thinking about effective counter-action. It was apparent to everyone that the war-torn countries of Western Europe required assistance to rebuild their devastated economies. It was apparent that something had to be done to revitalize as much as possible of the German economy without risking the re-establishment of its war potential and it was apparent that each separate unit in Europe could not be left alone to sustain the shock against the Fifth Column activities within its boundaries and the sponsorship of those Fifth Columns by the great Soviet Union.

This has now given rise to three forms of democratic counter-action which have been given different names, but which are perhaps, after all, only different aspects of the same general plan. They are:

- 1) The European recovery program and the move towards European economic unity;
- 2) The consolidation of Western Germany, - and
- 3) Plans for what is called "Western Union".

You will remember that in his Harvard speech, last June, Mr. Marshall, the Secretary of State of the United States, suggested that the European countries should get together and formulate a plan for the economic recovery of Europe. This was at once taken up by the United Kingdom and France and they held a preliminary meeting at Paris in mid-June last and drafted the outline for a conference which opened in Paris on July 12th. The Soviet Union refused to attend and exerted sufficient pressure on her satellites to create an almost solid eastern block against the plan.

This Conference set up an executive committee through which a report was submitted to the United States Secretary of State on September 22nd last. The United States Government examined the report and accepted it as reasonable basis to formulate proposals for aid to Europe. It was estimated that the participating countries would require, to balance their payments with the Western Hemisphere from April 1st 1948 to June 30th 1952, something of the order of 20 billion dollars and as you know, there is now pending before Congress a bill which would provide something of the order of 5 billion dollars for the first fifteen months, about half of which could be used for purchases in other Western Hemisphere countries, "off-shore purchases".

The implementation of the plan of recovery does not depend, however, only on assistance from this hemisphere. In the long run, Europe must stand on its own feet and that requires re-arrangement of tariff and other barriers to trade between them. Moves are therefore under way for a greater degree of European economic unity.

The first result of this unity may bring about some dislocations in Canadian trade with Europe. But I am sure we will all do all we can to keep those dislocations to a minimum, not forgetting that in the long run, Canada will benefit by any European consolidation of this kind.