

impact of the destruction and dislocations brought about by the war, which left certain countries - normally great importing countries - much more crippled and shaken than the great North American supplying countries. The old European world was smashed; the new world hardly dented by war. And in the old world the smashing was uneven and the recovery consequently uneven. This inevitable lag by Europe in the post war competitive race has, according to a well-known British economist and editor, Miss Barbara Ward, been accentuated by three things, as follows:

"The first is the division of the highly industrialized western fringe of Europe into nineteen or twenty separate nationalist economies. The second is the tendency of European businessmen to use those divisions as protective barriers and as a result to allow the competitive edge to be taken off the economic system...The third was the false assumption about work and productivity held by the mass of organized labour."

This problem, thought of not merely as a dollar shortage, but as one involving a possible breakdown in world trade, has no quick or easy solution. There is no rabbit to be pulled out of this particular hat - in Washington or anywhere else. On the contrary, unless counsels of good sense and understanding prevail, a much less peaceful and amiable animal might emerge. There seem, in fact, to be political and press conjurers on both sides of the Atlantic who are making at the moment some unfortunate and ill-timed passes which can only encourage this unhappy result.

As the governments concerned face these serious financial and economic problems in the days ahead, it will, of course, be tempting for each to concentrate on what seems to be a particular source of trouble outside its own jurisdiction. This makes it easier to follow the tempting but not always wise course of seeking a remedy in action to be taken by someone else. This is nationally comforting and conscience-easing, but is likely to do more harm than good in the search for a solution, a search which will require long, hard and friendly co-operative effort.

The fact is that we are faced with a tough, long-range problem which is as political as it is economic; which is in some ways as novel as it is complicated and for which there is no single or simple remedy. A return to the freedom of trade of 1914 would not do it because the political and economic conditions of that age have disappeared, possibly for good. At the other extreme is the remedy of total control of trade by governments, which in the conditions of today would inevitably mean control exercised through bilateral deals. Some short-range emergency measures, on a restrictive and bilateral basis, may now be unavoidable for a country in the present position of the United Kingdom, but as we see it here there is no salvation to be found in this approach, which inevitably tends to limit the areas of exchange and subsidize high cost production.

Somehow or other the flow of goods multilaterally must be restored and this can only be done by a concerted effort based on friendly understanding and working together in the part of the new world and the old. This will involve a re-examination of economic policy by all the countries concerned in the light of the present situation. It will also mean that any new measures taken over here which will assist European recovery must be met by measures on the other side which will give the necessary assurance that any assistance given will be effective. All this may mean that immediate concessions will have to be made - all round - for ultimate advantages to all. Dollar countries will have to encourage imports by enlightened government action while countries