

United States, such a policy goes far beyond the limitations of the Reciprocal Trade Agreements Act. Indeed it challenges the whole assumption that the strongest nation in the world can only encourage imports to the extent that it can secure reciprocal action on the part of other, weaker nations. I say this with full appreciation that there are difficult economic and social problems involved in reducing the degree of protection given to domestic industries. But if substantial progress cannot be made in this direction I believe the consequences for our North American way of life will be far more serious. This issue will provide the acid test of belief in free enterprise and political maturity.

In the meantime, ever since 1945, to say nothing of earlier years, European countries, spurred on by each successive dollar crisis, and being of too faint hope of sufficiently increasing their exports, unable, they feel, to develop freely their production for world markets along the lines best suited to them, have been trying desperately to produce for themselves goods not well suited to their productive resources, goods which North America in fact could produce more cheaply for them. (Certainly Canada could produce lumber, newsprint and most food-stuffs much more efficiently and cheaply than the European and sterling area countries which are trying to expand their production of such items.)

This attempt to reach self-sufficiency, in Europe and indeed throughout the rest of the world, has by no means fully succeeded, and perhaps never will. To the extent that it fails, the maintenance of tolerable standards of living and political institutions in Europe will require that European countries continue to get such supplies from the dollar countries, and get them free - unless the means of payment can be earned. In both Canada and the United States we find ourselves in the fantastic position of having to make loans and gifts to proud and industrious peoples who want to pay us in full with real goods, and would do so if we would let them. And in the meantime they are driven to prop up their own economies with more and more controls, more and more restrictions, more and more bilateral deals. I wonder if it would be going too far to say that free enterprise, the operation of truly free economies throughout the world, is incompatible with the maintenance of obsolete economic policies by the people of North America.

If this analysis is correct, the factor which is necessary to make the Marshall Plan truly successful, that is the development of exports from Europe and the rest of the world to North America, is missing. Unless a more fundamental approach is adopted and the missing ingredient is supplied, there will be further development in the wrong direction - the direction of forcing Europe to seek to become independent of us, of inducing uneconomic production and attempts at self-sufficiency, and of encouraging European nations to trade among themselves behind a barrier of restrictions against North America.

In the plans which were developed for the post-war world, great emphasis was laid on securing agreement by all nations on desirable principles of commercial policy. In particular, we from North America insisted that the nations of Europe should sign the pledge, should join us in declaring that controls, preferences, quotas, discrimination, bilateral deals, barter, and so on, are evil things, and should undertake to refrain from using them. Well, the conditions simply have not existed which would make it possible for them to do as we would like. Indeed, the situation has progressively worsened, in this respect. Is it