

off of huge areas and populations from what we look upon as normal commercial intercourse.

About one-quarter of the world's land area, and something more than a quarter of the world's population, is now fenced in by communist control. The area involved is almost equal to that of North and South America combined, and its population is twice as great as that of North and South America. Those facts convey a rough idea of the extent of the human and material resources which, for the time being, are cut off from the field of development in which the free nations can actively pursue their objective of expanding international trade.

Were it not for the spread of communism, Russian and Chinese development would certainly be counted upon as being among the very greatest potential factors contributing to the growth of world commerce in the immediate future -- and, in so doing, contributing in the most effective way to the advancement of their own standards of living. Under present circumstances, and so long as they continue, the expansion of international trade can count upon very little in the way of impetus from the under-developed resources that are locked up in communist hands. Our task will have to be achieved in the reduced area that is still open to trade in the normal way. The communist countries will, no doubt, continue to carry on a limited amount of business with other countries but their ideas of trade and of how it should be handled are entirely different from ours. They may see fit to adopt a policy of doing more business with the free nations, but I would think that, in any event, so long as they hold to the practice of keeping their foreign trade in the hands of state monopolies, there is little likelihood that they will contribute in a substantial way toward increasing the total of world commerce.

The communist enclosures are a matter of real concern to the whole commercial world, but they have effects which bear in a particular way upon Western Europe -- effects which we should not fail to appreciate.

The industrial countries of Western Europe, including the United Kingdom, are traditionally great importers of foodstuffs and raw materials. They draw their requirements from all parts of the world. Eastern Europe was normally one of their important sources of supply. It is no longer either a large or a dependable source. To meet their essential needs the free nations of Europe are now having to rely more heavily upon supplies from overseas sources. They are having to find dollars to pay for their imports to an extent materially greater than would be the case if conditions were such as to allow them to develop their trade more freely and more safely with Eastern Europe. That is one of the factors that accounts in some measure for the existence, as well as for the stubborn character, of their much talked of dollar problem.

There is another and equally serious effect resulting from the commercial gulf between Western and Eastern Europe. The countries that comprise the economy of Western Europe are densely populated and highly industrialized. For many years they have been under the necessity of having to export in order to live, and that necessity presses upon them more severely now than ever. That applies perhaps more