

*The Address—Mr. Larson*

becomes necessary. However, with the knowledge that those whose activities tend to disrupt world peace might launch a blitz attack with a great deal of force and terror, there is the fact that they are not yet industrially strong enough to carry on a protracted war. The show of strength in the western hemisphere should deter their hand until some formula for settling international differences around the council table can be worked out.

I am a great admirer of both Great Britain and the United States; but we have the almost impossible situation of inconvertibility of our currencies. Commenting on the British position to Beland Honderich, financial editor of the Toronto *Daily Star*, Sir Stafford Cripps touched on this particular subject, and it appeared in the February 11 issue of that paper. I feel that his actual words portray the situation, and with your permission, Mr. Speaker, I should like to quote them:

The dollar problem is so complex and deep-rooted that no simple or easy solution can be expected. The acceptance by Canada of sterling instead of dollars in payment for some United Kingdom exports would not in itself solve the problem.

This wouldn't really solve anything. It would only defer payment. Some day you would have to tear up the sterling and forget about it or receive payment in some form or other. It is not a permanent solution. It would really be a Canadian credit given without interest.

No matter how rich and powerful the great republic of the United States may be, it cannot continue to lend or give billions to Europe for rehabilitation.

The western nations of Europe are making great strides toward economic recovery but this recovery can never be complete until currencies can be exchanged on the world markets. I am very much afraid if this is not accomplished very shortly the economic result will have a disastrous effect on the strength of the Atlantic pact. Since the United States must take the lead in this move I earnestly appeal, and I know it is with the concurrence of this government, that she make a most diligent attempt to correct this difficulty.

Speaking to the Canadian Society in New York, the Prime Minister (Mr. St. Laurent) made certain suggestions regarding the solution of this problem of currencies, and I cannot do better than use the words which he uttered at that time. The Prime Minister said:

But I do not think we can afford to lose sight of the fact that it is even more important to the economic strength of the free world that the European countries and, indeed, all countries suffering from a dollar shortage, should also be able to export as freely as possible to North American markets.

It is, after all, only by accepting imports from other continents that we in North America can

hope to reduce the real cost to ourselves of our contribution to the common security of the free world.

And it is only by accepting imports that we can hope to provide stable and profitable markets outside our continent for those agricultural and other surpluses beyond our own needs which both our countries do actually produce.

Canada, in this matter also, is in a somewhat different position than the United States. Though we still export rather more than we import, our over-all exports and imports are not too far from a balance. But, as I have already said, we in Canada import from the United States far more than we export to this country, and we export to Europe far more than we import from Europe.

That is why Canada, too, has a dollar problem.

We, therefore, have a special interest in freer multilateral trade and, though I am not an economist, that seems to me to mean freer entry to this country both for European exports and for our own.

I would not venture to advocate the reduction of tariff and other trade barriers as any special favour to us. But it does seem to me that such a policy might make a tremendous contribution to the security of the free world generally and the United States in particular.

A century ago, England found herself in much the same position the United States has today. England was then the greatest industrial nation, the wealthiest nation and, therefore, the greatest potential market.

She opened that great market freely to the world and, whether as a result or merely as a coincidence, the world—herself included—enjoyed more than half a century of comparative peace and economic progress.

Might it be possible that history has there a lesson for this continent and this country at the midpoint of the twentieth century?

That is the end of the quotation. The greatest assurance of peace lies on a high level of international trade. The critics of this government say that we are losing our trade, but I believe the policies of the government will insure a high level of trade for many years. If we can, in the not too distant future, sell our food products to Britain for pounds and then pay the United States for our imports in those pounds, I see no immediate cause for worry. This may be theorizing but in my opinion the adjustment is necessary and must be made soon.

In our own defence activities the policy of keeping agriculture and industry at a high level of efficiency will ensure food and equipment in the event of emergency. It would be impossible to retain very large standing forces in Canada. Our industrial efficiency would suffer and our economic position would be impaired. However, we can train, and are training, an adequate number of men in all the services and giving them such training that if an emergency develops we shall have a good number of expert teachers who will soon be able to bring our fighting forces up to emergency requirements.

The policy of developing prototypes in aeroplanes and other equipment and keeping our factories at the ready is the only correct