

a value of less than one-half this amount. To all other countries we exported goods to an amount of about \$160 million more than we purchased from them.

Under conditions prevailing in pre-World War II days, this over-all picture would have been reasonably satisfactory, and perhaps we could have continued to look forward to an uninterrupted continuation of this desirable condition. At that time the problem of payment as between the dollar and the sterling areas presented no material difficulties, because the huge revenue which Britain received from her investments abroad made it relatively easy for her to pay for her purchases from dollar areas. But as my honourable friend opposite (Hon. Mr. Haig) pointed out, not only were those investments lost to Great Britain, but she incurred a tremendous liability in her sterling balance. This liability is somewhere in the vicinity of \$12 billion, and Great Britain, rightly or wrongly, has undertaken in recent years to liquidate it because of the insistent warnings from the East to the effect that if it were not liquidated communism might spread. I cannot vouch for the accuracy of the figure, but a prominent Canadian economist told a Montreal Board of Trade meeting that Britain's international balances—taking into consideration actual investments sacrificed during the war and obligations imposed—are something in the neighbourhood of \$25 billion. When one realizes the interest lost on the actual investments and the obligations incurred by the sterling balances, one wonders why our pattern of trade was not upset to a greater degree.

As I said before, in pre-World War II days, the problem of payment as between the dollar and the sterling areas presented no material difficulties because the huge revenue which Britain received from her investments abroad provided her with the income which enabled her to pay for her purchases from the dollar areas. Unfortunately, that is a thing of the past. Hereafter, unless the volume of our exports to the sterling areas is to be drastically reduced, we must establish a much closer balance between what we buy and what we sell.

If we can look forward to a vast increase of our exports to the United States that will probably simplify matters greatly. However, there has been an increasing realization that, in future, in the interests of all concerned, it will be necessary for us to import more from the sterling areas if we are to maintain our present rate of exports; and certain efforts are being put forward in this direction.

I do not need to point out that many difficulties will be encountered here. The simple

truth is that in the main—except in specialty lines—the sterling areas have never sold goods in any great volume to this country or the United States. Our present condition of selling more to Great Britain than we buy from her is not new; it has existed in the lifetime of everyone here. As I have said, in former times Britain was able to pay for her purchases from the dollar areas because of the huge revenue she derived from her overseas investments. However, that revenue no longer exists, so the people of Britain are now addressing themselves to the problem of trying to produce goods of a quality and at a price which will make them attractive to the people of Canada.

The point raised by my honourable friend has a bearing on this trade question, because if Britain undertook to discharge her obligations to the areas which hold these sterling balances, and exported four or five hundred million dollars' worth of goods, these goods would not be available to the dollar areas. Even if these goods became immediately available to us, because of various underlying problems, there is no certainty that it would be possible to market them. There is the fact that British industry is reluctant to commit itself too positively to cater to this market, and this is a fundamental reason why Canadians are reluctant to buy capital goods from Britain. So it is not an easy task to solve.

As I see it, we shall not remedy the situation unless we are prepared to lend money to Great Britain to purchase our goods, or unless the United States continues to supply Great Britain with money to purchase American and Canadian goods. The old multi-lateral basis, whereby the interest on investments was a most important factor, no longer exists and probably never will in our lifetime. The fact that last year we sold much less to the United States than we imported from that country has aggravated our currency difficulties. There are indications that the American people are beginning to appreciate our problem in this respect, as well as similar problems of other countries.

I agree with my honourable friend that we might just as well advance credit to Britain as take sterling in payment for our goods, and at the moment that seems out of the question. But it was not out of the question in the United States. The other day I saw published a statement that in the last thirty-five years exports from the United States to all countries, including Canada, had exceeded imports by \$101 billion.

Hon. Mr. Quinn: What was the gross figure?