

The two things together make a fine chapter in the story of coöperation between countries. It would be nothing less than tragedy - from which only the men behind the Kremlin walls would benefit - if that coöperation in which Canada and I'm sure other countries would wish to share - could not be effectively continued in the search for a solution to the problems on our agenda. Certainly no solution can be found except through coöperative action - extending beyond this meeting. Such action means, of course, more than finding a solution which requires action only by someone else.

In recent months the Western democracies have made great progress in building a structure for political coöperation, particularly through the Atlantic Pact. In that Pact, we recognize the simple but essential fact that an attack on one is an attack on all and that we will, individually and in concert, take the necessary action to restore and maintain security. That principle is as important in economic as it is in political coöperation. In fact, one may not be able to exist without the other. Economically and in the field of human welfare our fortunes are also linked and we go up or down together.

If we really believe that, we have some real chance of finding a solution for the problem before us - and possibly going on eventually to something bigger. If we don't, we might as well go home, and learn the hard way that it is true.

The forces of aggressive Communism have recently been set back by concerted political action. They hope to regain that lost ground by exploiting the economic instability and difficulties which they claim are inherent in our system. It is up to us here - and in what follows these talks - to prove that these hopes and calculations are false.

I think that it is important at the beginning of these talks that we should take stock of the position we have reached in the financial and economic relations among us. The present problem presents itself as an acute loss of dollar reserves by the sterling area and as an apparent inability of that important section of the trading world to finance its dollar requirements without restrictive measures which will impair its productive capacity. This is the third or fourth time since the end of the war that an acute dollar problem has arisen. The first post-war problem was dealt with through UNRRA. Then we had the establishment of the Bretton Woods Institutions, the Fund and the Bank. Simultaneously, the United Kingdom obtained large loans from the United States and Canada. Finally, last year the European recovery program was adopted, which provided further very substantial financial assistance from the United States.

One is tempted to ask whether the present problem is merely a further instalment in the same series; whether recurrent dollar crises are chronic in the post-war relations among us. One is also tempted to ask whether the emergence of new difficulties at this time is evident that the previous efforts have been misguided; whether the money was wasted. For our part on the Canadian side we don't think any such attitude is justified for a moment. In our view the money which has been provided by the United States and Canada to finance European recovery up to the present has been well spent. There is no doubt in our minds that had it not been for this assistance the economic and political problems confronting us in the Western World today would be of a much graver and more menacing character.

We feel that the present period may be taken to mark the beginning of a new phase in the relationship between the United Kingdom on the one hand and the North American countries on the other. It seems to us that the task of post-war reconstruction in the physical sense can now be regarded as more or less completed. The present crisis takes place on the basis of a much higher level of output, a much higher level of efficiency, a much higher level of living standards than the earlier crises