

I can demonstrate the importance of this to my country by pointing out that Canada now ranks third among all the trading nations of the world. We entered the war in fifth place in the world trade hierarchy and now rank only behind the United States and the United Kingdom. And our population, remember, is less than a tenth of yours. On a per capita basis, our foreign trade exceeds that of any of the other leading trading nations of the world, including your own, and roughly one third of our national income is derived from foreign trade. It is obvious, therefore, that any major disruption of world trade patterns is of at least as great concern to us as it is to you.

Everyone knows, as I said, what the United States is doing about European recovery. But what has Canada done, and how do the relations between Canada and the United States enter the picture?

Since the end of the war, Canada has helped Europe -- by credits and by outright grants -- to the tune of nearly two billion dollars. You are used to astronomical figures in connection with your own European recovery effort, and that may not sound like very much. On the basis of our respective national incomes, however, two billions is to us what more than thirty-five billions would be to you. We feel that we have been keeping up our end.

And now the second part of the question. How are relations between Canada and the United States involved in European recovery? To answer that, I must touch briefly on the normal pattern of Canadian trade. In a normal year before the war, Canada had a favourable balance of trade -- that is to say, we sold more to other countries than we bought from other countries. But at the same time we regularly had an adverse balance with the United States -- we bought more from you than we could pay for by your imports from us. That was not a serious matter because our favourable balance with other countries -- mostly the United Kingdom and Western Europe -- more than made up for our adverse balance with you.

We have seen the effect of the war on Europe's trade. And I have mentioned the help Canada has extended to Europe by gifts and loans. But trade that is based on gifts and loans does not provide us with the hard cash we need to keep our accounts balanced with the United States. And our adverse balance with you has continued. In round figures, we bought two billion dollars' worth of goods from you last year, and you only bought one billion dollars' worth of goods from us. It is easy to see that that kind of process could not continue for very long, and, as a matter of fact, we had to draw heavily on our reserves of United States dollars last year and consequently have had to protect our exchange position by drastically restricting imports from dollar countries.

Now to come back to the European Recovery Program. Living as close to us as you do, you may have heard Canadians speculating on the volume of dollars made available by the Economic Cooperative Administration which may be spent in Canada to purchase goods for Europe. It is a question in which we are keenly interested. But it would be a great mistake to assume that, because E.C.A. dollars are being spent in Canada, we will be profiteering out of your aid to Europe. As a matter of fact, it would be unwise to expect that E.C.A. purchases will do more than enable us to maintain the volume of our shipments to Europe -- without at the same time going bankrupt in our essential trade with you -- while we are waiting for Europe to recover sufficiently to permit us to resume our prewar three-way pattern of trade.

.....Here, then,