

the early days, and had the result of creating a proud race of men, as he said, almost fanatically jealous of their independence and suspicious of any country which might ask them to unite their fortunes to its own. The second, his statement—and how true it was—that the real benefit which Canada has gained by the union lies in the sturdy men and women of our new province. When he said that I was reminded of a couplet, written by that eighteenth-century poet Oliver Goldsmith, which many of you will recall, and which runs like this:

Ill fares the land, to hastening ills a prey,  
Where wealth accumulates, and men decay.

As the poet says, and as the honourable senator from Newfoundland so clearly perceives, the true wealth of a country lies not so much in its material prosperity as in the character of its people.

We are discussing at the present time the Speech from the Throne. That speech refers to many matters of considerable importance which are worthy of debate in this chamber and which, I trust, will be debated here. I propose to confine my remarks this evening to one of these topics—the one, I think, which at the present time is the most important of all. The Speech from the Throne contains this paragraph:

Although the nations of Western Europe have made substantial progress towards recovery from the ravages of war, they have not yet been able to restore completely their economic strength. Their shortage of dollars continues, and international trade remains in a state of unbalance. The government is seeking by all appropriate means to cooperate in measures to restore economic equilibrium. The achievement of a pattern of world trade in which the trading nations can operate together within one single multilateral system continues to be the ultimate aim of my government.

That is a reference, of course, to what in ordinary parlance we call the dollar-sterling crisis. As the Speech from the Throne states, it is a crisis in international trade; and I do not need to emphasize what has been said many times, that Canada is one of the countries whose prosperity most depends upon a free flow of international trade.

The matter was discussed and brought into focus in a rather striking way in another place by the Prime Minister the other day when he brought it down to figures per family. He remarked that in order to maintain the prosperity of this country it was necessary to export each year goods to an amount of \$1,200 for each family in the land. That is a clear measure of the importance of free international trade to this Canada of ours.

Perhaps I should remind honourable senators that the present crisis is not, as some uninformed persons seem to think, one which affects Great Britain alone. It is a crisis between the sterling area and the dollar area.

The dollar area comprises for all practical purposes, as honourable members know, the North American continent, while the sterling area consists not only of Great Britain but of Ireland, Egypt, India, Australia, New Zealand, and a number of other countries of the Middle and Far East.

What is this crisis? In a nutshell it is this. At the present time the countries of the sterling area are buying from the countries of the dollar area to the extent of approximately 600 million pounds a year more than they are selling to the dollar area. This has created the unbalance that we hear of, the "gap" which the newspapers talk about. When this crisis arose, apparently somewhat suddenly during the course of this summer, there was a tendency, particularly I think in the United States, to hold that Great Britain alone was responsible for it. One can well understand the feeling in that regard of the people of the United States. They would say, without much consideration, "Good heavens! Look at what we have done already. During the war, by way of lend-lease, we provided goods and services in immeasurable amounts to Great Britain, for which we charged nothing. After the war we spent billions of dollars through UNRRA for relief. Afterwards we gave a credit to Great Britain—I think it was—"of three billions of dollars which we supposed would last her for five years, but which was exhausted in a little over one year; and for the last two years, under the Marshall plan, we have been voting aid to Great Britain and other European countries to the tune of \$1,200 million. So what in the world are we expected to do now?"

That was a rather natural reaction, but I believe that the feeling it represents disappeared when the full extent and nature of the problem was realized. After all, as I said a moment ago, it is not a problem relating to Great Britain alone; it is common to the whole of the sterling area. And then, when you come to study the facts of the situation, you find that since the war ended Great Britain in most ways has done remarkably well. Her industrial production has increased; the output per head of the population is greater than it was before the war. Her exports today are 50 per cent greater than they were in the year 1938, and over one-third larger than they were in 1937, which was the peak year of the 'thirties.

There were some, and I am afraid there are still some who are inclined to blame the crisis on the socialist policies of the present British government. Though I am in no way an apologist for that government, I do think that is a complete misapprehension. Informed opinion seems to be that, so far at any rate,