

think I can say with full confidence that at every turn Canada has shaped her commercial policy along lines that are well designed to contribute as strongly and as fully as we can to the restoration of international trade.

On a world scale, the universal and chronic dollar shortage and currency disturbances are basically a result of distortions in the way world resources are being used. This is partly a result of the shift of the world's economic centre of gravity to North America, a process which started long before the war. The physical and economic damage of the last war added the finishing touches. Europe emerged from that conflict with weakened financial and productive powers, while North America, and particularly the United States, became a tower of economic strength.

Our two countries joined together to help finance the war in Europe by loans and gifts. In proportion to our national economy, Canada went farther in this direction than the United States. After the war, we joined together again in lending five billion dollars to Britain, of which the United States took three-quarters and Canada one quarter. In addition, we both made loans to other countries of Europe. It was believed that these loans would be sufficient to re-establish these countries, but that has proved not to be the case. Your Marshall Plan has recently concentrated attention on production and exchange problems, as well as on financial aid. The financial assistance of the United States and Canada is today the factor that prevents a complete breakdown of world trade.

The problems of adjusting the United States economy to meet the present world trade situation are demonstrated by the consistently large favourable balances of trade that you have had. A recent report of the European Co-operation Administration points out that between 1914 and 1949, the United States exported goods to the value of about one hundred billion dollars in excess of goods imported. How did the world find this huge amount of United States dollars? The answer is that about two-thirds of this so-called favourable trade balance was paid for by loans and gifts from the taxpayers of the United States. The alternative to loans and gifts at the expense of the taxpayer would of course be to take goods in exchange. The United States Administration apparently thinks, and we in Canada are certainly of the opinion that this alternative would be a most satisfactory arrangement for every one concerned. I realize that this is not as easy as it sounds, but surely it represents the realities of the situation.

The trade problem between the dollar world and the non-dollar world is, in many respects, similar to the wartime problem that existed between Canada and the United States. That problem was solved, and solved successfully, to our mutual advantage. Surely our present problems are not beyond our wit to solve. High tariffs are one of the present obstacles. Let us make a real approach to removing that particular obstacle. The alternative is either a collapse of multilateral trade, or a continuation of large scale lending by North America to proud countries which do not want charity and are able and willing to put an end to loans and gifts by opening up the channels of trade. For leadership in this direction, the world looks to the United States, the country with the strongest economy in the world.

The unbalance of trade today is in effect being settled with Marshall Plan dollars. Faced with the ending of Marshall Plan Aid, every country must concern itself with bringing its trade into balance with the dollar area and particularly with the United States. Again taking Canada as an example, this will mean for Canada the shifting of several hundreds of million dollars worth of imports, from the United States to Britain and European countries. We must increase our imports from Europe, but at the moment we can only do this by reducing our imports from the United States. To the extent that we can increase our sales to you, we can of course balance our position by positive, rather than by those negative measures which are always painful to both sides.