



STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
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CANADA'S DOLLAR CONSERVATION PROGRAMME

An address by Hon. D. C. Abbott,
Minister of Finance, over the C.B.C.
network, November 17, 1947.

This evening I have some important announcements to make which have been foreshadowed by the Prime Minister who has just finished speaking from London. As Mr. King has emphasized, the Trade Agreements recently concluded at Geneva are a great step forward in the direction of freer trade and world recovery. Taken with the Marshall Plan which is now under consideration by the United States, the Geneva Agreements hold forth rising hope of world recovery and of orderly and expanding trade between nations, toward which objects Canada has been striving in her foreign economic policy.

Emphasis on Constructive Approach

The fact that the rapid depletion of our exchange reserves now compels us to take some special actions to strengthen our trading position implies no lessening in our determination to work toward the objective of world recovery and expanding trade. Indeed, the program I have to announce is designed to overcome our present exchange difficulties in the shortest possible time through constructive rather than restrictive actions and policies. Restrictions are used only to the extent that they are essential to bridge the gap between the present and the time when the full effects of the constructive longer-range measures can be realized.

Reduction of Exchange Reserves

There can be no doubt that action to safeguard our national position is urgent and essential. We came out of the war with very substantial reserves of gold and U.S. dollars -- about \$1,500 million at the end of 1945. Last year we ended up with \$1,245 million. Last Thursday our reserves were down to slightly over \$500 million. This is a trend which cannot be allowed to continue. It has of course been a matter of grave concern to the Government for some time. The Government felt, however, it would be unwise to reach a final decision in regard to its program until it knew the results of the difficult and far-reaching trade negotiations which were being carried on at Geneva and until the prospects for implementation of the Marshall Plan became more definite. I am satisfied that course was the right one.

Reasons for Loss of Reserves

Our heavy loss of exchange reserves arises from two major developments. The first is Europe's critical economic position. The second is the tremendous increase