

The facts are that our main interest always has been...and still is...in the degree of success which ERP will have in accomplishing its long-range objectives. The re-vitalizing of Europe is of prime concern to us. Unless world trade has approached a somewhat more normal pattern when ERP runs out, we will find that the greatest difficulties of all have only been deferred, and we shall then have to make drastic re-adjustments in trade to deal with a world totally unlike any we have ever known.

Turning to the more immediate effects of "off-shore" purchases under ERP, it is wise to remember that they are obviously limited to the life of the programme itself. May I remind you that while the original conception of ERP called for a commitment extending over five years, the present authorizing legislation only covers a period of one year and must be renewed at that time to continue.

When all this has been said, however, it is still true to say that ERP will likely prevent things from getting any worse in the near future. The "off-shore" purchase feature of ERP provides a necessary but not completely sufficient condition for the solution of our current foreign exchange dilemma.

In the short run, it will, of course, enable Europe to continue importing essential supplies from Canada and thus enable Canada to earn considerably more U.S. dollars on her shipments to Europe than would otherwise be the case. This in turn will permit us to maintain the flow of essential imports from the United States without which our productivity would be impaired. In other words...it will simply enable us to continue what we have been doing during the past two years. Because we must build up our foreign exchange reserves, as I have just mentioned, we must do better than this...must do more than merely balance our export of goods to Europe against an inflow of sufficient U.S. dollars to pay for our excess of imports from the United States. We must find some way to develop a substantial surplus of those exports earning U.S. dollars so we can receive U.S. revenue beyond our current needs. The ultimate solution must be an increase in our productive capacity. The more immediate solution has been found, in part at least, by restraints on consumption and travel for which we must pay in U.S. dollars in order to give us "breathing space" in which to work out the ultimate and preferable solution.

Your tourist promotion and dollar conservation programme is an important contribution to both approaches to this problem. In encouraging increased American visits to this country, you are helping increase our productivity...in other words, you are helping to export more of one of our resources for greater returns in U.S. funds. On the other hand, in your promotion of the conservation of U.S. currency, you are helping to diminish the expenditure of it for relatively unessential purposes until such time as our efforts on the positive attack have borne more fruit. The distant goal towards which all these efforts are directed is the same, namely, the re-establishment of freer trade.

Let me add one word in passing to the discussion of these general aims. In my opinion, no matter how successful the world may be in restoring trade to more reasonable conditions, we are duty-bound to "remember where we have been". I do no violence to the principles of multi-lateral trade when I suggest that now is a good time to study the risks inherent in our pre-war trade pattern. This pattern relied heavily on one market, while purchasing heavily in another. I should hope that revival in Europe would make it possible to maintain sales at a fairly high level, although it might be somewhat optimistic to expect to continue the levels of recent years. In such circumstances, we must hope that we will be able to spread our risks in the years ahead by increasing our sales to the market from which we obtain the most of our supplies. By doing this, we shall not be reducing our capacity to trade with Europe on a mutually profitable basis. On the contrary, we shall be better able