

STATEMENTS AND SPEECHES

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Statement by the Minister of Finance,  
Mr. Douglas Abbott, at the opening  
meeting of the tripartite economic  
discussions in Washington, D.C. on  
September 7, 1949.

It is not necessary for me to emphasize the interest which Canada has in the successful outcome of these talks. We do not look for any pat solutions to the difficult and intricate problems which we shall have to consider. Nor do we expect to discover in the course of these few days any panacea. What we look for is agreement among our three countries that the present direction of events must be reversed and agreement on the first steps which will have to be taken if that reversal of direction is to be accomplished.

Our own national interest in obtaining such a reversal is well known. The present structure of our economy in Canada is largely dependent on a flourishing international trade. Canada is so organized that we are at the same time the principal supplier of the United Kingdom and the principal customer of the United States. We are therefore inevitably found in the middle of any squeeze which the United Kingdom feels in her dollar position, and we are one of the instruments through which the shock of such a squeeze is transmitted to the United States.

The recent deterioration in the British dollar position has naturally filled us with great misgivings in Canada. If the British are obliged as a continuing diet to cut severely into their purchases from us, our economy, which is at present operating at a very high level, is bound to be adversely affected. And we in turn will be unable to maintain our purchases of American goods and would inevitably transmit some of these adverse effects to this country. Restriction will be cumulative throughout the world, and we shall all be poorer as a result. The hope of expanding international trade on a multilateral basis which has been shared by all our Governments will be indefinitely deferred.

The problems that we face - tough ones yielding to no simple or single treatment - are as much political as they are economic and financial; in their origins, and in the cause and consequences of our success or failure in dealing with them.

As to their origins, we know that they are found, largely, in the upheaval on the various countries that took part in them. We don't forget that from 1939 to 1945 the people of the United Kingdom - whose present financial difficulties bring us here - were mobilized for total war to an extent not reached by the other Western Allies; and that the gigantic effort then made is a major source of the difficulties which they are experiencing today. We also know that when victory was won they did not relax. They kept on working. We in Canada pay tribute to that spirit - and to the magnificent assistance and encouragement given to it by the Government and people of the United States.