

look beyond the North Atlantic Organization for areas and opportunities of non-military collaboration". He went on to point out that rather than look to N.A.T.O. itself for a solution of our economic problems we would be wiser to work through organizations already set up to deal with such matters on a much broader scale than just the Atlantic Community.

To a certain extent we are inclined to agree that the proper approach to a solution of the economic problems of the free world is not to confine our attention solely to how the N.A.T.O. nations alone may seek to eliminate conflicts in international economic policies. Rather the approach should be to examine the problem on a much broader multi-lateral basis including all the free nations of the world.

#### THE SITUATION AT THE END OF 1952

The disruptions to international trade balances arising out of World War II have been deep and persistent and up until the present time have practically defied all attempts at a solution. Without going into too many details the causes of the unbalance in international payments may be said to stem from two major events:

- (1) The destruction of physical property in Britain and the continent of Europe and the slow process of restoring productive capacity to these areas. At the same time the productive powers of North America expanded during the war and have continued to expand at a rapid rate following the war. This situation has prevented the normal exchange of goods for goods.
- (2) The other important event has been the splitting of the world into two political camps—the communist-dominated world and the free world. The political struggle, particularly in Europe, for the minds of the people has in some cases made it extremely difficult for democratic governments to put into operation economic policies which would restore their competitive position in world markets. In other words for political reasons they have found it very difficult to balance their budgets and control inflation. Consequently their competitive position in world trade has been weakened.

In the post-war world international payments have been kept in a precarious balance by a shaky structure of intergovernmental grants and loans running into billions of dollars annually, but a growing impatience has appeared both in North America and Europe with a continuance of this artificial and temporary method of balancing international payments. The American taxpayer is becoming restless because he thinks he is called upon to pay too heavy a burden to maintain the economy of free Europe. On the other hand the recipient nations rebel at any suggestion of outside interference with their internal affairs which may accompany loans and grants. They are anxious to pay their own way and are beginning to express their views by the slogan, "Trade not aid".

Possibly one of the best analysis of the present situation in Europe is contained in the report of the Organisation for European Economic Co-operation (O.E.E.C.) for the year 1952. There is a mine of information on that volume, which is quite extensive. After indicating that Western Europe, at the end of Marshall Aid has made substantial economic progress they state that the general economic situation is still far from satisfactory.

The report points out that:

- (1) Production in the various countries of Western Europe is either not rising or rising at a relatively modest rate.