

Canadians have never lost confidence that the people of Britain would rise above their difficulties and go forward again in the van of economic progress. We know how long and hard the struggle has been. The fruits of victory seemed so meagre. But just as she refused to knuckle under to Hitler, so this country has, I believe, finally prevailed against the blows of post-war economic adversity.

In saying this, I am not referring particularly to the recent remarkable improvement in the balance of payments position nor to the way in which inflation has been halted. These have been notable achievements, true enough. To a Canadian, however, it is even more significant that Britain is regaining her place as a leading industrial nation, and that British goods are, to an increasing extent, competitive on world markets.

A country that can lead the world in jet aircraft, that can produce the Centurion tank, that can tender the lowest price for power plant equipment in the highly competitive United States market, a country that can do things like these is surely not lagging behind or lacking in energy and enterprise. There are, indeed, good reasons for the people of Britain to hope that this is not only the beginning of a new reign but the opening of a new and promising chapter in their history.

I am encouraged to hope that we are also at the opening of a brighter chapter in commercial relations between Canada and Britain, which have been so bedevilled by the dollar problem. I am not so sanguine as to believe that dollar-saving restrictions are about to be swept away and sterling convertibility restored in quick order. Indeed, I doubt whether that would be wise, and I doubt whether even those Canadians who have suffered most from these restrictions would advocate premature action. What Canadians want above all else is a strong and prosperous Britain and they are, I think, ready to accept without question the application of policies that seem to be contributing to that end.

What encourages us is the growing recognition that these restrictions on trade and exchange are nothing better than necessary evils. Necessary under certain circumstances, yes, as a sure and quick means to stop a drain on exchange reserves, but nonetheless evil, because if long continued they make the dollar problem worse by distorting economic effort and reducing efficiency.

It is reasonable to assume that this country, which established its industrial pre-eminence under free trade, will persist in restrictive and discriminatory policies to the point where they weaken her position on world markets? I think not! That is why I believe that commercial relations between Canada and Britain are due to improve.

We all know, of course, that much depends upon the policies pursued in the United States. The actions which that country takes with respect to imports have an effect which cannot be measured merely by the particular items affected. A deficit country, which is trying to balance its external accounts by increasing its hard currency exports, rather than by restrictions and discrimination, will be discouraged if the trend of United States action seems likely to limit its chances of earning dollars.