

tungsten was expanded in both countries, and used as required to meet the needs of both countries. This committee formed a channel for the exchange of complete and detailed information on our joint raw materials situation.

At the end of 1941, another joint committee was set up to deal with problems of munitions production. This joint War Production Committee, with the aid of a number of sub-committees, kept the munitions programmes of both countries continually under review. Its aim was to take up any excess capacity that appeared, and to arrange for new capacity where production could be undertaken most efficiently, regardless of international boundaries. Among other things, this committee was able to make available to the United States considerable Canadian stocks of anti-aircraft guns, radar equipment, ammunition, bombs and explosives for certain bases which were liable to attack immediately after Pearl Harbour.

In 1942, the Combined Production and Resources Board, made up of representatives of the United States, the United Kingdom and Canada, was formed to further economic collaboration among the three countries. As a member of this Board, I was able to observe at first hand how men of good will can resolve difficult problems by friendly discussion. The main concern of the Board was the allocation of the productive capacity of the three countries in the best possible way, in the light of military and civilian needs.

Apart from these committees, there was a regular but, informal interchange of ideas between our two countries. Consultation was almost continuous on problems of priorities, allocations, production schedules and conservation. It is doubtful whether any two sovereign countries in modern times have ever been more closely associated. The problem then was how best to use our joint resources. The circumstances of today are different, but the basic problem is the same.

As a result of the Hyde Park Agreement and of this close collaboration, Canada was able to balance her payments with the United States through delivery of war materials. It is well to remember that Canada has never been a recipient of direct financial aid from the United States.

The balance of payments crisis that was resolved by the Hyde Park declaration is again with us as a peacetime problem. In the year 1947, Canada purchased in the United States goods to the value of two billion dollars and exported to the United States goods to the value of one billion dollars. Obviously, this could not continue. Import restrictions were imposed by Canada, and a campaign organized to expand our exports to the United States, as a result of which, in the current year, while we are still importing over two billion dollars worth of goods from you, our exports to you have been increased to one billion 500 million dollars. This improvement does not mean that restrictions on our imports from your country can be lifted entirely, although it has permitted some relaxation in them. Were it not for Marshall plan dollar aid, extended to the countries of Europe, some of which returns from Europe to Canada in payment of food and raw materials, the position of Canada would be worse, and our restrictions against your goods would have to be more extensive.

In Canada's over-all trade position, we have whatever advantage there may be in the fact that our total exports and our total imports are well balanced. They are, in effect, underwriting each other. While it must be admitted that such a heavy dependence upon foreign trade as Canada exhibits carries with it a high degree of vulnerability to world conditions, we have fortified our position as strongly as it is possible for us to do by developing our import business on a scale that fully matches in dollar value our export business. In other words, we are commercially putting into the pool of international trade as much as we take out, and we are doing that in a way that is giving as fair a field as we can to open competition. We have kept far away from confining our trade with individual countries within the crib-work of bilateral agreements. On the whole, I