

number of countries concerned. Too much of our trade for comfort and economic security is with one country. Further, our traditional pattern of trade needs redrawing in order that we may depart from our customary practice of over-selling in the United Kingdom and the OEEC group of countries and over-buying in the United States. The proposed Banking Alliance would make such an adjustment in our trading pattern much easier of attainment.

In connection with the reference that your Committee consider whether any project under Article 2 of the Treaty could have the permanence contemplated in the military obligation of the signatories under Article 5, we would suggest that the proposed Banking Alliance would not only have such permanence but that it would need to have it in order to carry out its purpose successfully.

In making our submission to your Committee we have tried to keep well within your terms of reference and to relate our proposals to the known efforts now being made to improve trade within the NATO group of countries and through them with the rest of the free world. The proposals we have made arise from the known problems now being faced by these countries either alone or in concert through such organizations as OEEC which group of countries so closely resembles the NATO group.

The development of a strong European economy, the freeing of the United States market from many of the administrative defences which isolate it from many potential exporters, and the establishment of full convertibility of national currencies are the prime objectives of those attempting to increase international trade. The basic proposal we have made for the creation of a NATO Banking Alliance we feel will not only tend to establish convertibility on a stable basis, but also give substance to the other programs for the freeing of trade and the encouragement of production.

Greater and more efficient production is the answer to the need and desire for an increasing standard of living in all countries. In Canada we have been experiencing an increase in production and an expansion in our industrial economy with a consequent improvement in living standards. We wish that to continue.

An increased international trade will, in our opinion, aid us in developing our economy and raising our standard of living. Freer international trade in which we can sell where there are buyers and buy needed imports where we desire will, we believe, tend to allow us to encourage more effectively the development of more secondary industries and a larger home market.

The production and delivery of our exports creates employment. Because this is true, it is often argued that expansion of our international trade is one of the best means of increasing employment in Canada. This inference is not wholly valid, however, because the increase in imports so inspired provides a very real threat to employment in Canada. Thus we recommend that very careful consideration be given to the effects of any proposed expansion of our international trade upon employment opportunities and prospects before such propositions are promoted or encouraged. A broad development of secondary industries throughout Canada, in our opinion, is a necessary parallel to expansion of our external trade. In this way alone can we expect to encourage the maximum of employment opportunities and the minimum of threats of unemployment due to a continued high level of imports of goods that can be produced in Canada. At the same time a broad development of our secondary industries would, we believe, tend to reduce the cyclical nature of employment in Canada both in its annual aspect and its longer term pattern and thus add stability both to employment and the consumptive capacity of the home market.