

States. Finally, they illustrate the chief cause of the present Canadian dollar difficulties by revealing the extent to which Canada has been selling on credit while buying for cash.

In addition to the granting of credits, Canada has been and is selling a major part of her food exports under contract to the United Kingdom at prices well below the prices in the United States, and has thus reduced by a very large figure the amount of dollars, in cash or credit, needed to maintain the present dreary and austere diet of the British people.

#### DISPROPORTION IN TRADE

We also hope, Mr. Brown said later in his speech, that the heavy disproportion in Canadian trade with the United States will be reduced substantially by the sale of more Canadian goods in the United States. It is, after all, a little odd to find that in 1947 the 12½ million Canadians bought some \$2 billion worth of goods from the United States, and 145 million Americans bought only about \$1 billion worth of Canadian goods. This works out that every individual Canadian on the average purchased about \$160 worth of U.S. goods, while every American bought a little less than \$7 worth of Canadian goods. We certainly do not want to make the two figures equal or nearly equal, for that could only be achieved by a most extreme form of economic nationalism which would gravely lower the Canadian standard of living. But we should like them not to be quite so far apart. If that figure of about \$7 a head for U.S. purchases from Canada could be raised to \$10 or \$11, it would make all the difference in our position.

Now Canada cannot just expand her sales in the United States by wishing to do so. It needs action in this country as well as in Canada. Furthermore, we do not want merely to use up more quickly our expendable natural resources and ship them across the border as untreated raw materials. The greatest hope of getting a better balance would be by expanding the production of some staple things that are needed in the United States, and by manufacturing them, or a part of them, to a further degree of readiness for their ultimate use than is now the case.

#### PAPER EXPORT ANOMALIES

For example it seems rather strange to me that about four-fifths of the vast quantities of newsprint used in this country come from Canada, and come manufactured in rolls ready to be put in the presses, while huge quantities of the paper that is used in magazines and so on are manufactured in the United States, from wood pulp and pulp wood imported in that form from Canada. If it is a sensible and economical thing to buy finished newsprint in Canada, why

is it not also a sensible and economical thing to buy other forms of paper there? But the tariff prevents the importation of these higher grades of paper, and the duty would have to be cut before the manufacturer of them in Canada could sell in this market.

We hope, then, that more Canadian exports will come this way, and that these exports will in some cases enter in a more valuable, because a more fully processed, form. We hope, too, to sell in the United States some things which we have previously sold in the United Kingdom and other markets. We also hope that the manufacturing industries of the two countries, already closely tied together by the establishment of a great number of branch plants of U.S. concerns in Canada and some branch plants of Canadian concerns in the United States, may adjust their operations, especially by the production in the branch plants in Canada of goods, or parts of goods, for sale in the United States and other dollar market; this would involve a change in the manufacturing and marketing policies of many of the parent companies.

#### AN ECONOMIC WHOLE

A good many people in Canada and some people in the United States have begun to think of North America as an economic whole - a fairly new conception. Canadians do not normally regard Americans as foreigners or aliens, and they do not like to be themselves so regarded in the United States. Hence, they tend to feel a little resentful when their interests and needs are not taken particularly into account in Washington. For example, a measure is now under discussion there which would forbid the export of petroleum products to all countries. Canadians are inclined to ask whether a very cold Canadian is not just as uncomfortable as a very cold American. Have we not, they say, always bought from the United States a great deal of the oil that we must have? Are we to be faced now with a real disaster by a refusal of access to our main source of supply? Cannot we continue to divide scarce necessities between the two countries on the basis of share-and share-alike, as we did in wartime, provided that oil is not being wasted in Canada, a fact which can, we are sure, be established? I trust that sympathetic answers will be given to queries such as these.

In wartime we did share, under the Hyde Park Agreement, the things needed to keep the production of both countries at the highest level. It worked, and made no small contribution to victory. If this close integration of the economies was good in war - good for both countries and good for our allies - why should we not with profit continue the same principle through this period of what I hesitate yet to call peace, and indeed indefinitely?