

It should not be assumed that these restrictions were brought about because we were living beyond our means, as a country. On the contrary. As I have stated, in 1946 we had a handsome surplus in our accounts with the rest of the world and in 1947 we were still better than in balance, even though our export prices were below the inflated world level. In 1947 production and employment in Canada reached heights never before achieved in peacetime and a tremendous expansion and improvement of our capital equipment is taking place. This high rate of capital development - it is higher even than your own here in the United States - has involved heavy imports but it will bring its return in due course, in the form of increased Canadian production. Even so, we could have managed this heavy investment programme if our customers had not had to draw on our credits to them at such an accelerated rate, as a result of recent severe setbacks to European recovery.

The position occupied by the United States in the world today makes it impossible for her to ignore that story. Indeed, it is evident that the extent and character of the further aid which the United States may give toward the rehabilitation of countries under a European Recovery Plan is not only the most important question before your people at the present time, but it is probably the most important question confronting the world.

With or without a European Recovery Programme it is obvious that the heavy unbalance between our imports from the United States and our exports simply must be reduced. In 1947 we bought \$2 billion dollars worth of goods from the United States which is almost twice your purchases from us, notwithstanding that there are just about twelve times as many people in the United States as in Canada. Including travel and other services the figures work out to this result, that each Canadian individual, on average, spends about \$220 in the United States, while each American individual, on the average, spends about \$12 in Canada. Even a small increase in that \$12 would make a very great difference to Canada.

It is also good common sense, while scarcities remain in certain fields, to maintain the wartime principle that each of our countries should share with the other those commodities which are in short supply. Continuation of this principle will help us to make the maximum contribution to the recovery of Europe and to a strong and expanding North American economy.

I have also mentioned the evidence provided in the war years that Canadian production was a powerful strategic force. Although we recoil from the notion that it may be called into play again, yet it is only prudent to realize that Canadian industrial potential is more important strategically now than it ever was. This is surely another reason for mutual concern with the health and vigour of the Canadian economy.

Also, business men have learned that public attitudes affect the attainment of their considered objectives. If, American business is convinced of its primary interest in the Canadian market and the Canadian economy, then it follows that some attention might be profitably directed to the education of the American public along these lines. For example,

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