

decisions can and must give in the absence of four-power or multilateral agreement. To the extent that this end is achieved, communist propaganda and conditions which produce communist action committees, will be counteracted in western Europe.

Before concluding, I should like to say something about Canada's relations to these questions first, to the European Recovery Program and, secondly, to the developments towards western European economic and political unity, which I have just mentioned.

As to the first; in the United States program for European recovery, provision is made for purchases outside the United States. A sizeable proportion of the funds which the Congress has authorized for the program has been set aside for this purpose. It is not expected, however, that either the volume or direction of Canadian trade will be significantly altered by this development from that of recent years. The "off-shore" purchases provision of the Foreign Assistance Act can, however, enable us to continue to send to western Europe commodities which otherwise, because of our own dollar difficulties, we would have had to direct to countries which could provide us with dollars or goods in return.

In view of the expected extent of United States dollar purchases in Canada under R.R.P., it has been suggested that we might now be expected to contribute further substantial direct financial assistance to western Europe. However, our United States dollar reserves are still lower than they should be. Nor can these reserves be increased to a satisfactory level simply by selling wholly for United States dollars those commodities which have in the past been paid for only partly in United States dollars. We must not forget or allow others to forget that since the end of the war we have extended to the European nations, in the form of loans, credits and grants, an amount which, relative to the size of our population, and our national income, is second to none. We must, however, have a surplus in our international balance of payments before we can consider the extension of any further financial aid to western Europe.

In order to secure such a surplus we must, among other things, expand our exports, continue to do without many of our traditional imports from dollar countries, and secure more of our imports from countries in the sterling area.

What of the second question, Canada's relations to the developments towards western European economic unity and western union? The development and rehabilitation of a sound system of international trade, a matter of first importance for Canada, is inseparably linked with European recovery. It must not be forgotten that the United Kingdom and the western European countries have in the past provided valuable markets for Canadian exports. Should the economies of these countries collapse, our own economy would suffer a severe blow. In addition, such a collapse would provide a favourable environment for communism which feeds on insecurity, unrest and political instability. For these reasons we welcome any development towards European economic unity, which will in the long run be of great advantage to Canada by increasing political security and by widening the area of freer trade.

In so far as widening the area of political security is concerned, the Prime Minister (Mr. Mackenzie King) has already outlined in this house on March 17 the government's attitude to the Brussels five-power treaty. I think I might repeat here what he then said, to place it in the context of the world picture. Speaking of the Brussels five-power treaty the Prime Minister said:

This pact is far more than an alliance of the old kind. It is a partial realization of the idea of collective security by an arrangement made under the charter of the United Nations. As such it is a step towards peace, which may well be followed by other