

of U.S. dollars. The sooner we improve our foreign exchange position, the sooner will we be able to relax and perhaps abolish the import controls, and reduce the sales taxes which are now holding down the levels of domestic consumption.

"Our present economic problems are not only the concern of the consumers, but also of the producers. The European Recovery Programme and the measures which will have to be taken by the United States and ourselves in connection with it will aid production and exports of many Canadian industries. It will, however, not help suppliers of some goods and services. One of the basic principles of E.R.P. is that the European countries should where possible, help one another, or purchase from other soft currency areas, rather than call upon the Western Hemisphere for support during the period of reconstruction. There is also the principle laid down in the Economic Co-operation Act to the effect that 50 per cent of the goods leaving the United States under the Programme must be carried in American bottoms. This principle, coupled with the existence of a large tonnage of available shipping in the hands of the European countries, will inevitably create difficulties for our own shipping interests. It may also be the case that the European countries, in establishing a rigid system of priorities, may not place some types of meat and fish high on the list of imports. Other markets may therefore have to be sought for such products. The same thing may apply to various types of manufactured goods of a specialized type. Great efforts cannot be made without sacrifices and adjustments.

"I believe that I am expressing the considered view of the vast majority of the Canadian people, when I state that the sacrifices entailed in the restriction of our consumption levels and in the re-adjustments required of some Canadian producers are justified if they contribute to the rehabilitation of Western Europe and the strengthening of democracy in the world. A healthy European economy, as I have already stressed, would mean a continuing and paying market for many of our traditional exports. It would also mean increased imports from that area and a reduced dependence on any one source of supply. The old multilateral system of trading -- so advantageous to Canada in the past -- whereby we covered our American deficit with our European surplus, can only operate if Western Europe, the pivot in the world trading system, can play its former role. It is surely obvious too, that the lowering of trade barriers and the effective expansion of international trade, as envisaged at Geneva last summer and more recently at Havana, can only be realized if Europe is in a position to improve its living standards and increase both exports and imports. The convertibility of exchange, without which effective multilateral trading is clearly impossible, cannot be achieved if Europe lives only by outside support. In short, a growing and freer international trade, upon which we in Canada depend more than most countries, presupposes a rehabilitated Western Europe, and we must, consequently, make every effort to promote that rehabilitation.

"In doing so, we are not only demonstrating good business sense, but we are also showing our awareness of the international importance of our action. Democracies which want to maintain their self-respect and play their part in the community of nations, have to live up to their responsibilities, even if it means self-denial and inconveniences for a temporary period."

The Honourable Douglas Abbott, Minister of Finance, in reply to a question in the House of Commons, on April 12, 1948, said:

"The adoption of the European Recovery Programme by the United States should enable Canada to continue to ship to Europe the large volume of exports which we have been sending there and which the European countries need for their recovery.