

months and months to build up, and as I say used tremendous manpower resources to defeat him. Therefore for any of us to rely on having a natural defence - I may suggest with respect even a natural defence here that would enable this hemisphere to sit down with absolute confidence, and build up for two or three years while it faced the enemy - is quite a mistaken policy."

After pointing out that the break which has occurred between Yugoslavia and the USSR, because Marshal Tito was not a communist of the Moscow variety, made it clear that the issue facing the world was whether or not one country would dominate it, Mr. Bevin concluded: "...Europe is weak. Europe is torn. Europe has torn itself. It has been the cradle of civilization. It will never have the strength of its own for years to come to stand by itself against the foe. But now, the foe will never come - he will never dare. For the new world with courage and determination, joins with Europe for its preservation, and says that the great nation of France shall be rebuilt, that the age-long struggle between Germany and France will be obliterated, that the Maginot Lines in Europe will be torn down forever; that the free movement of peoples shall be possible; that the narrow nationalism that has torn us apart while maintaining its own attributes, its own culture, shall yet contribute to a great community and join together with the West to preserve all that is best and give to the world an enduring peace for generations to come."

CANADA'S FOREIGN TRADE IN 1948: The report, "Review of Foreign Trade 1948", released on October 6 by the Bureau of Statistics, states that in relation to population, Canada's export trade was 50 per cent greater in physical volume in 1948 than 1938, and her import trade slightly more than 55 per cent greater. Due to price increases, the rise in relation to population was much greater in current dollar values, amounting to 217 per cent for export trade and 236 per cent for imports. The population gain in the period was 15.5 per cent.

Canadian exports increased from \$76 per capita in 1938 to \$241 in 1948 in current dollar values, and in constant 1938 dollars -- an indication of volume change -- from \$76 to \$114. Imports rose in the period from \$61 to \$205 per capita in current dollar values and in constant 1938 dollars from \$61 to \$95.

In comparison with these per capita figures, exports were 270 per cent higher in total value and 73 per cent greater in volume in 1948 than 10 years earlier, while imports were up 290 per cent in value and 81 per cent in volume.

Indicating the intensity of Canadian efforts during recent years to export more, as a counterpart to increasing imports, the report

presents figures showing that the amount of national product exported has increased relatively much more than personal expenditures on goods and services.

GOLD AND U.S. DOLLAR RESERVES: The Minister of Finance, Mr. Douglas Abbott, announced on October 7 that Canada's reserves of gold and U.S. dollars were \$985 million on September 30, 1949.

The comparable figure for June 30, 1949, was \$977 million, for July 31, \$973 million, and for August 31, \$987 million. At the end of September a year ago, the corresponding figure was \$855 million.

Mr. Abbott made it clear that all these figures of Canada's gold and dollar reserves were expressed in terms of U.S. dollars and were consequently not affected by the recent change in parity of the Canadian dollar. He also explained that the figure for September 30, 1949, does not include \$98.8 million in U.S. funds set aside at that date for the retirement on October 1, 1949, November 1, 1949, and February 1, 1950, of security issues guaranteed by the Government of Canada and payable at the holders' option in U.S. dollars. These funds were part of the proceeds of the \$100 million issue of Government of Canada U.S. dollar bonds which had been sold in the United States in the latter part of August.

PANDIT NEHRU TO VISIT CANADA: News of Pandit Nehru's visit to this country was first announced by the Prime Minister, Mr. St. Laurent, in the House of Commons on Monday, October 3.

On October 11, the Department of External Affairs stated that India's Prime Minister will arrive in Ottawa on Sunday evening, October 23, for a stay of two days. He will pay an unofficial visit to Vancouver on November 2 and 3.

On his visit to Ottawa, Pandit Nehru will be accompanied by his sister, Her Excellency Vijaya Lakshmi Pandit, Ambassador of India in the United States, and by his daughter Mrs. Indira Gandhi. His party will also include the Honourable Sir Girja Shankar Bajpai, Secretary-General of the Indian Ministry of External Affairs, Mr. M.O. Mathai, Private Secretary to the Prime Minister, Brigadier D. Chaudhuri, Military Attaché, and Colonel Unni Nayar, Public Relations Officer.

On Saturday, October 22, Pandit Nehru will motor through the Niagara Falls Park to Niagara Falls, Ontario, where he will remain overnight. He will journey by air on Sunday from Malton Airport to Ottawa, where he will be greeted on his arrival at 5:45 p.m. by Mr. St. Laurent.

Pandit Nehru and members of his party will stay at Rideau Hall as guests of Their Excellencies the Governor General and Lady Alexander.

MR. PEARSON ON WORLD ECONOMIC RELATIONS AND PEACE

EXCERPTS FROM ADDRESS: On October 11, the Secretary of State for External Affairs, Mr. L.B. Pearson, spoke to the Boston Conference on Distribution, in Boston, Massachusetts.

In his opening remarks, he quoted the renowned economist, the late Lord Keynes, who wrote as recently as 1946 that "The chances of the dollar becoming dangerously scarce in the next five or ten years are not very high." Mr. Pearson then pointed out that the shortage which had in fact made itself "dramatically apparent" in the sterling area had international ramifications, and that "the general relationship between the dollar and the pound is at the heart of the present international financial problem of the Western world."

"...It is certainly not enough to say," Mr. Pearson went on, "that it is merely a shortage of dollars which causes all the trouble. The dollar shortage is, of course, real enough but it is the result, not the cause, of the present difficulties. The difficulties themselves arise out of the present lack of balance between world production and world distribution. This, in turn, is largely due, either directly or indirectly, to the war, or rather, to the uneven impact of the destruction and dislocations brought about by the war, which left certain countries, normally great importing countries, much more crippled and shaken than the great North American supplying countries. The Old European World was smashed; the New World hardly dented by war. And in the old world the smashing was uneven and the recovery consequently uneven."

NEW ECONOMIC RELATIONS NEEDED

After noting briefly the impact of the growth of new industrial areas, of two world wars and a depression, on "the delicately balanced and highly complex system of (international) trade and finance" which existed before 1914, Mr. Pearson said:

"It is now clear that the Western world must set about re-designing the structure of its international economic relations, even as it must rebuild its international political life. This re-designing and rebuilding may do some pretty drastic things to the old concept of the separate state, with its insistence on unrestricted national sovereignty... Somehow or other the flow of goods multilaterally must be restored, and this can only be done by a concerted effort based on friendly understanding and working together on the part of the New World and the Old."

The common experience of Canada and the United States in the past, said Mr. Pearson, make it possible to discern two principles which can be guides for the future. The first is this: "Given the will and encouragement to

work and resources to work upon, it is possible for human beings to make enormous progress in a short space of time in increasing the productivity of the land they occupy."

To formulate the second principle, Mr. Pearson turned to the North Atlantic Treaty, the terms of which, "especially Article II, specifically pledge its members to make every effort to broaden the basis of their association, and not restrict it to defence alone. This aspect of the Treaty, which holds out the promise of economic co-operation, has always seemed of particular importance to the Canadian Government and to the people of Canada, because we believe that in the long run our ability to stand fast against the attacks of international Communism will rest in the well-being of our people. We also know that we cannot ensure that well-being by national action alone..."

The Marshall Plan, "a great and imaginative piece of statesmanship", loans and credits extended by Canada and the United States, the technical assistance programme under consideration in the Economic Committee of the General Assembly of the United Nations, were cited as examples of the "kind of responsibilities which... the circumstances demand."

SUCCESSFUL CO-OPERATION POSSIBLE

"These examples," Mr. Pearson stated, "make me confident that the ability, the ingenuity and the resources are available to meet the challenge of our international economic situation... If we insist on defining the problem in broad terms, and if we keep our eyes fixed upon the objective of a world in which the economic causes of war, and the social and political conditions which breed war, will be reduced to the very lowest possible level, it is within our power to succeed... For such success, all... free democratic countries must work together. In that co-operation, if it is to be effective, all of us will at times have to make immediate concessions affecting national interests, for ultimate advantages. If we refuse--and expect the other fellow to do the conceding--then the highly encouraging progress of recent years in the direction of a firm and enduring peace, based on the international organization of the democracies, will be stopped. We will retreat to the old system of international anarchy... There would be only one beneficiary of that retreat, the forces of reaction, of slavery, of totalitarian despotism; the forces, in short, of international subversive Communism. To maintain peace and ensure prosperity, those forces must be stopped, and one of the best ways of doing this is through international co-operation on the part of those states who believe in freedom and peace."