

These are striking facts, but they by no means tell the whole story. Our real contribution to world recovery is to be measured, not in terms of the money we have provided by way of relief and credit, but in terms of goods and services. People eat food, wear clothes -- not dollars. An important part of our real contribution is to be found in the measures of price stabilization followed during and since the war which had the effect of protecting not only our own standards of living at home but the purchasing power of the dollars we put at the disposal of our customers and friends.

Nor should we overlook the various contracts entered into to supply essential foodstuffs and other materials to Britain. These contracts, whether government or private, are business arrangements and stand on their own feet. There is no doubt, however, that by demanding less than could have been demanded and obtained from a hard-pressed customer, by having regard for the ultimate solvency of the customer and by being based on long-run rather than short-run considerations, these contracts have provided tangible assistance at a time when assistance was so badly needed.

Most of these contracts are well known, but I would like to single out for special reference on this occasion, one that is of particular interest to your organization. I refer to the purchase of lumber from the west coast. This contract provides for the shipment of lumber to the United Kingdom for a period now extended to about two years at prices which are above prices on the domestic market, but below prices currently prevailing on the world market. Such a contract enables the government of the United Kingdom to plan its reconstruction program, secure in the knowledge that supplies of this product, so vital to the rebuilding of shattered cities and bombed factories, are assured at reasonable prices during the period of reconstruction. This contract is the successor to previous contracts of a similar nature in which the Canadian government had taken a direct interest and to whose fulfilment it has contributed. But the Canadian government had no part in this last contract, and the credit for its terms must go to the industry itself.

Canada's contribution to world recovery has indeed been large. In relation to population and national income it probably exceeds that of any other country. But our contribution is by no means out of proportion to our national stake in the economic restoration of our overseas customers. Abraham Lincoln once said that the United States could not endure half slave and half free. I suggest that a country like Canada cannot prosper in a world split into a highly prosperous dollar area and a starving, depressed "soft currency" area. Our stake in a large and smoothly flowing volume of international trade is enormous -- greater proportionately than that of any other country except possibly New Zealand. With a population of only about twelve million people, we nevertheless rank third in export trade and in total trade. Our export trade accounts for something between a quarter and a third of our total national income. Incidentally, I may add that your industry is one which makes a very important contribution to that trade. Exports of wood, wood products and paper -- that is to say, including all branches of the forest products industry -- represent the largest single category in the published statistics and amounted to \$886 million during the year 1947 or 32% of our total exports of Canadian produce.

Our interest in a prosperous world, however, arises not solely from the huge size of our external trade but also from the peculiar pattern of that trade. As everyone knows, we do not buy largely from the countries to which we sell most and we do not sell largely to the countries from which we buy most. This is the "so-called" triangular pattern of our external trade to which reference is so often made. Canada therefore does not fit into either the dollar group of countries or the non-dollar group of countries. To make the best use of our resources we are bound to sell more to overseas countries than we buy from them and to buy more from the United States than we sell to that country. It is therefore essential for our national well-being that we should be able to convert the currencies derived from our overseas surplus.