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CANADA'S CONTRIBUTION TO WORLD RECOVERY

This Reference Paper is intended to give an over-all picture of the contribution made by Canada towards world recovery. It comprises four sections:

- I. Canada's degree of participation in the European Recovery Programme;
- II. Canada's post-war measures of help designed to make possible, for the countries affected by the war, the financing of their economic reconstruction;
- III. Canada's aid through international organizations;
- IV. Private relief and other forms of help not previously mentioned.

I. EUROPEAN RECOVERY PROGRAMME:

The Right Honourable Louis S. St. Laurent, as Secretary of State for External Affairs, paid tribute in the House of Commons on April 29, 1948, to the passage by the United States Congress of the Foreign Assistance Act of 1948. This authorizes an appropriation of \$5,400,000,000 for the first twelve months of a European Recovery Programme designed to last some four years.

"On behalf of the Government of Canada", he said, "I would like to pay tribute to this generous and imaginative act of high statesmanship by the Government of the United States. By the enactment of the Foreign Assistance Act, the most powerful democratic state of our day has given new confidence and vigour to all the free peoples of the world."

About Canada's participation in this form of aid, he said:

"In the United States programme 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 Programme 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 E.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. 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."

Some indication of the actual significance of the Economic Co-operation Act for Canada's exports and dollar exchange position was given by the Right Honourable C.D. Howe, Minister of Trade and Commerce, in a speech at Montreal, May 11, 1948. He then said:

"The dominant feature of our payments picture in 1947 was that although we were a net exporter to the world as a whole, we, nevertheless, were forced to withdraw about three quarters of a billion United States dollars from our reserves. This is largely explained by the fact that, whereas we obtained nearly 80 percent of our merchandise imports from the United States, we sent only 40 per cent of our exports to that destination. On the other hand, to the United Kingdom and other European countries, whose dollar loans were nearing exhaustion, we exported about 40 per cent while importing less than 10 per cent. In view of the fact that European countries could supply only limited quantities of convertible currencies to cover their deficits, it is clear that our high level of exports was only possible as a result of the extension of credits and the consequent exhaustion of our dollar reserves. Now that we cannot fall back on such reserves and the United Kingdom and other European countries are still not in a position to transfer sufficient gold or dollars to our account to pay for all they need, the problem is to find a working arrangement that will make possible continued shipments of construction goods where they are most urgently required.

"I have seen some reports to the effect that E.R.P. would actually increase our exports by adding several hundred million dollars to the value of our current flow. This is far from the truth. What I have emphasized already about our trading and payments position should make it abundantly clear that last year's exports were supported by credits which we can no longer provide. Therefore, were it not for E.R.P. off-shore purchases our exports would have declined inevitably. Now we may hope - not that shipments will be greatly increased - but that they will be maintained at least at the level of 1947.

"Another and related misconception, which is all too prevalent throughout the country at the present time, is that E.R.P. will automatically solve our United States dollar problem. This is not the case. Let us look for a moment at the most relevant facts. Since the war, we have been able to cover our net deficit with the United States by drawings on our accumulated reserves and by transfers of U.S. dollars from the United Kingdom. Expenditures by the United States under the Economic Co-operation Act for goods and services from Canada will simply enable us to continue export shipments without having the indirect effect of further depleting our supplies of U.S. dollars. But it is not enough for us to stop the drain on our reserves. We must build them up since they are now abnormally low. Were we to relax our

controls on capital and consumer goods at this stage, imports from the United States would almost certainly rise sharply in view of our current income levels and consumption habits. We would again face an exchange crisis. Consequently, we have to continue with import restrictions until our economic position and that of our European customers improves.

"The European Recovery Programme means, I repeat, that we in Canada will be enabled to continue supplying Britain and Western Europe with the food, raw materials, and manufactured goods so essential to the basic reconstruction of the production and trade of these important areas. This will of course contribute to the maintenance of a high level of employment and income in many parts of this country.

"Had there been no United States provision of aid to Europe, we in Canada would have been compelled to curtail our exports to that area, involving sacrifices and painful adjustments in large sections of this country. Imports from the United States would have had to be controlled much more stringently than at present, and, as a necessary part of such restrictions, the levels of investment could not have been allowed to approach anything like the current boom position. In short, we will be enabled through the funds under the Economic Co-operation Act to carry on our export trade in roughly the same volume and nature as before - avoiding a radical reorientation of our productive system - and to maintain higher levels of investment and income than would otherwise be possible.

"Let us consider for a few moments the long-term implications of European recovery. If all goes well, both economically and politically, we may assume that within a few years Western Europe will be able, not only to absorb goods, but to pay for them. It will still offer a large market for many of the products of our farms, our forests, and our mines. The heavily populated and highly industrialized areas of Western Europe will indeed always require vast imports of food and raw materials. It can reasonably be expected, of course, that various adjustments may have to be made from time to time in the nature of certain of our exports. We must never minimize the significance of Europe both in the short run under European Recovery Programme support, and in the long run on a healthy economic basis, as a fundamental factor in the maintenance of the high level of exports upon which our employment and income so closely depend.

"Last year, we contributed to European recovery in what might be regarded from our viewpoint as accumulated United States dollars. This is evident from the fact that our reserves were depleted by no less than \$750 million in the first ten months of 1947. This year, our contribution will be in the form of goods, in our attempt to ship more abroad than we bring in. Such a contribution will be of assistance not only to Europe but also to the United States. It will help Europe in its rehabilitation, and the United States in easing the demand for a large number of products and thereby reducing inflationary pressures.

"We can create an export surplus only by consuming less than we produce. Import restrictions, together with additional sales tax, are helping us to cut down domestic consumption and obtain the export surplus which we need to build up our reserves

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.

"It is still too early to say what the effect of the Programme will be on Canada's dollar shortage. I do not expect it will permit any early easing of the emergency import restrictions. On the other hand, I wish to emphasize that if the European Recovery Programme had not been adopted, the Canadian dollar difficulties would have been greatly intensified."

In a speech at Montreal, February 9, 1948, Mr. Abbott spoke of Canada's economic contributions to world recovery in relation to its present dollar problem. He noted that Canada came out of the war with a reserve of United States dollars and gold amounting to about \$1,500,000,000 at the end of 1945. A year later that reserve had fallen to \$1,245,000,000 and by the middle of November, 1947, to approximately \$500,000,000. If all the Canadian transactions in 1946 had been on a cash basis, rather than partly on credit and partly in the form of outright gifts, he said that Canadian exchange reserves, instead of declining by some \$250,000,000 would have increased by \$600,000,000. Moreover, if all Canadian transactions during the first ten and a half months of 1947 had been on a cash basis, Canadian exchange reserves, instead of falling by \$745,000,000, would have fallen by only \$235,000,000. Mr. Abbott then continued:

"In other words, the dire straits of the countries affected by the war, most of them in former years good customers of ours, led us to permit their purchasing a large proportion of their requirements from us on credit at the same time that we financed part, or all, of our United States deficit by the using up of previously acquired negotiable assets, our liquid reserves of gold and United States dollars."

In the same speech, Mr. Abbott also gave some indication of Canada's future aid:

"Europe needs goods. Someone must produce them and someone must pay the producers. Canada can supply large quantities of the most essential goods, like wheat and other foodstuffs, metals, lumber and machinery. In the past we have done our full share in helping our European customers to pay for these requirements which are essential to their reconstruction. On the basis of this past record, I am confident that we will be prepared to continue to help within our capacity to do so. However, we have now our own dollar problem and consequently there are very real and immediate limitations upon the financial assistance which we can provide. If we go too far, we will find ourselves unable to pay for the things we must have from the United States to keep our economy running in order to supply our own needs and to produce the things that Europe must have from this country.

"One thing is clear. Canada will play an important role in the European Recovery Programme as a major source of supply of essential foodstuffs, materials and equipment. Beyond that our assistance in one way or another must inevitably be limited by our capacity."

Graham Towers, Governor of the Bank of Canada and Chairman of the Foreign Exchange Control Board, in the annual report of the Board for 1947 tabled in the House of Commons on April 22, 1948, said that the European Recovery Programme undertaken by the United States would "almost certainly afford an opportunity for Canada to earn more convertible exchange from shipments to Europe than would otherwise be the case", but added that "it is important for us to realize that even a European reconstruction programme providing for very large 'off-shore purchases' in Canada would not by itself solve our immediate foreign exchange programme". He pointed out that Canadian loans to Europe showed that Canada

recognized that the economic recovery of Europe was necessary for the re-establishment of a world economy within which Canada could trade satisfactorily but added that, in the absence of a sufficiently large current surplus in Canadian over-all international transactions, these loans had resulted in a serious depletion of Canadian exchange reserves. Mr. Towers held that it was "not realistic" to expect a complete halt to the extension of credit by Canada to Europe and stated that, if Canada is to make further loans, and at the same time, to increase its foreign exchange reserves, it must have a current account surplus larger than its loans. The size of Canada's over-all current surplus is thus the core of the exchange problem, he said.

Canada's share in E.C.A. Authorizations:

The following is a résumé of the total E.C.A. authorizations on August 16, 1948, showing Canada's share as being a very important one:

Total authorizations:

Commodities	\$1,078,062,035	
Ocean & Inland Freight	<u>153,044,630</u>	
		\$1,231,106,665
Total off-shore authorizations		449,641,442
Total Canadian authorizations		199,696,293
Canadian percentage of total off-shore authorizations		44%
Canadian percentage of total authorizations		16%

Over and above this were general authorizations, i.e. Canada and the U.S.A. shown as a source of supply for \$10,318,048. It is reasonable to assume that a good percentage of this amount will be allocated to Canada.

II. POST-WAR HELP:

Norman M. Littell, member of the District of Columbia Bar, Washington, D.C. in a prepared statement before the Foreign Relations Committee of the United States Senate on January 29, 1948, and before the Foreign Affairs Committee of the House of Representatives on February 3, 1948, gave some details about Canada's past aid.

He said "almost without debate, and certainly without delay, Canada, having the second strongest economy in the world, adopted its own 'Marshall plan' and acted to its fullest capacity in the gigantic task of helping Europe."

He went on to say that Canada had extended a credit of \$1,250,000,000 to the United Kingdom, another \$607,300,000 to France, the Netherlands, Belgium and Norway, as well as giving a direct financial contribution of \$154,000,000 to UNRRA, a total of \$2,011,300,000. (The figure of \$607,300,000 presumably comes from the addition of direct credits authorized under the Export Credits Insurance Act totalling \$594,500,000 and the Canadian Government commitment to guarantee bank loans to a Chinese corporation to a maximum amount of \$12,750,000. Under this Act other credits were also made to China, and in lesser amounts to Czechoslovakia, the Netherlands Indies and the U.S.S.R.)

Mr. Littell stated that on the basis of comparative population, this Canadian amount would be equivalent to about \$25,543,000,000 of grants and loans by the United States, or \$33,000,000,000, on the basis of comparative national production in 1946. He continued:

"Actually, the United States in the same period granted and loaned about \$11,502,000,000, or proportionately less than one half of Canada's contribution.

"With great surpluses of wheat, proteins and metals, Canada could have purchased from her farmers at controlled prices and resold in the world market at enormous profits. Instead, she sold wheat to the United Kingdom at a humane price of \$1.55 per bushel, which later was raised to a still modest price of \$2 per bushel. This may have been long-range enlightened self-interest to guard against a post-war depression, but it was also enlightened statesmanship and humanity emanating from a stronghold of Anglo-Saxon morality and common decency.

"But we all miscalculated the speed of European recovery: Canada's traditional customers were laid low. They could not pay fast enough. Although entering the year 1947 with an ample gold and dollar reserve of \$1,200,000,000 -- which would have been a reserve of startling size before the war -- Canada watched her funds melt rapidly away. On November 17, 1947, with only \$500,000,000 left in United States dollar exchange, controls were clamped on. The export of further capital was almost wholly forbidden and the flow of goods from the United States stopped. Travel money was restricted to \$150 per person per year, and we said goodbye to our Canadian friends."

Walter Lippmann, United States writer, in his column, "Today and Tomorrow", of February 25, 1948, said:

"Man for man, family for family, taxpayer for taxpayer, the Canadians have borne a heavier part of the burden of European reconstruction than we (the United States) have. Though the Canadian population is only one-twelfth as large as the American, though the Canadian national income is only one-eighteenth as large as ours, the Canadian contribution to European reconstruction is one-fifth as large as ours.

"Comparisons are invidious. But there is nothing in the record which entitles anyone in this country to talk down to the Canadians. Measured in money, measured in terms of their political and diplomatic contribution during the post-war period, the record of the Canadians is something to look up to."

Canada's contribution to world recovery in relation to population and national income probably exceeds that of any other country. But Canada's aid abroad is by no means out of proportion to the country's national stake in the economic restoration of its overseas customers.

A country like Canada cannot prosper in a world split into a highly prosperous dollar area and a starving, depressed "soft currency" area. Canada's stake in a large and smoothly flowing volume of international trade is enormous. With a population of only about 13,000,000, Canada nevertheless ranks third in world export trade. Exports account for between a quarter and a third of the total Canadian national income.

Canada's past contribution to world recovery may be summarized under the two following headings:

1) Relief and Rehabilitation:

a) Military Relief:

This form of aid was intended to provide food, medical supplies and other civilian supplies to certain European countries with the co-operation of the United Kingdom and the United States in the post-liberated period before UNRRA or local governments were able to take over.

The total value of the Canadian contribution for this purpose cannot be regarded as an outright gift, since a portion of the cost of these supplies amounting to \$4,500,000 has been recovered from UNRRA in settlement of stocks turned over to UNRRA in the Balkans, \$4,100,000 has been recovered from the disposal of surplus stocks, and additional recoveries may be obtained from the governments of countries which received these supplies.

Northwest Europe (France, Belgium, Netherlands, Luxembourg, Norway and Denmark)	\$64,000,000	
Italy	28,300,000	
Balkans	3,300,000	
Total		\$ 95,600,000

b) UNRRA and Post-UNRRA grants:

United Nations Relief and Rehabilitation Administration \$154,000,000

Post-UNRRA Relief authorized in 1947 to needy European countries:

International Children's Emergency Fund	\$ 5,000,000	
U.N. Appeal for children	200,000	
To finance shipments to Austria	3,500,000	
To finance shipments to Greece	4,500,000	
To finance shipments to Italy	4,500,000	
Canadian Council for Reconstruction through the U.N. Educational, Scientific and Cultural Organization	200,000	
Total		\$ 17,900,000

2) Post-War Credits and Loans:

(Amounts of credit authorized on June 12, 1948, and amounts loaned to that date)

a) Under the Export Credits Insurance Act of 1944:

	Authorized	Drawn
Belgium	\$100,000,000	\$ 67,000,000
China	60,000,000	50,944,223
Czechoslovakia	19,000,000	17,578,891
France	242,500,000	215,495,000
Netherlands	125,000,000	118,861,115
Netherlands Indies	15,000,000	13,250,000
Norway	30,000,000	22,082,000
U.S.S.R.	3,000,000	2,866,098
	<u>\$594,500,000</u>	<u>\$508,077,327</u>

b) Loan under the United Kingdom Financing Act of 1946:

	Authorized	Drawn
	\$1,250,000,000	\$1,015,000,000

III. AID THROUGH INTERNATIONAL ORGANIZATIONS:

Canada belongs to a large number of international organizations. For the purpose of this paper, these international bodies may be grouped

under two main headings: 1) the United Nations and its specialized agencies; 2) the various inter-governmental organizations outside U.N.

1) U.N. and Specialized Agencies:

Canada has played a leading part in the establishment of most, if not all, of the new specialized international agencies affiliated with U.N. and has joined all of them. There are only ten of the 58 members of the United Nations which have joined all its twelve agencies. Canada believes that the successful working of this series of agencies not only provides great opportunity for the members of the United Nations to co-operate in achieving the economic and social purposes of the Charter, but also makes easier the achievement of the political purposes of the Charter.

As a member of these agencies, Canada has made substantial financial contributions. Only the total contributions by Canada for the fiscal year 1948-49 are included in the following table:

United Nations	\$1,095,500
Specialized Agencies:	
United Nations Educational, Scientific and Cultural Organization	326,000
International Refugee Organization	5,415,000
Food and Agriculture Organization	191,000
International Civil Aviation Organization:	
½ year July 1/48 to Dec. 31	65,788
1 year Jan. 1/49 to Dec. 31	130,100
World Health Organization	200,000
International Labour Organization	188,491
International Telecommunications Union (see npte)	25,000
Universal Postal Union (see note)	5,000
International Bank	- - - -
International Monetary Fund	- - - -
International Trade Organization	- - - -
World Meteorological Organization	- - - -
Total (rounded)	\$7,640,000

Note: The International Telecommunications Union and the Universal Postal Union figures are approximations based on the 1947-48 contributions.

The International Bank and the International Monetary Fund are now operating on a self-sustaining basis. However, the Canadian primary subscription to the International Bank for Reconstruction and Development was \$325,000,000, of which 2 per cent has been paid in United States dollars and 18 per cent in Canadian dollars and non-negotiable, non-interest-bearing notes. Canada's quota in the International Monetary Fund was \$300,000,000, of which \$75,000,000 has been provided in gold and United States dollars.

The International Trade Organization and the World Meteorological Organization have not yet been formally established, and therefore there is no budget for them.

2) Inter-governmental organizations outside U.N.

Canada contributes to the International Meteorological Organization, the International Wheat Council, the International Bureau of Exhibitions, the International Office for the Protection of Industrial Property, International Copyright Union Office and Union for the Protection of Literary and Artistic Works, International Customs Tariff Bureau, International Cotton Advisory Committee, International Executive Council of the World Power Conference, International Tin Study Group, International Rubber Study Group, International Wool Study Group and it is expected contributions will be made to the International Maritime Consultative Organization.

Canada also contributes to the Farnham House Laboratory, Imperial Agricultural Bureaux, Imperial Bureau of Entomology, Imperial Bureau of Mycology, Imperial Bureau of Biological Control, the Imperial War Graves Commission and Inter-American Committee on Social Security.

Estimates of Canada's contribution to the more important of those inter-governmental organizations for the fiscal year 1948-49 are:

Commonwealth Economic Committee.	\$21,500
Commonwealth Shipping Committee	2,000
Commonwealth Communications Council.	10,100
Inter-Allied Reparations Agency.	37,750
Inter-American Committee on Social Security	4,500
U. N. War Crimes Commission.	2,800
International Wheat Council.	<u>20,000</u>
Total.	\$98,650

During the 1947-48 fiscal year, Canada made contributions to the International Commission on Air Navigation and to the Comité International d'Experts juridiques aériens. These two organizations, which had been formed after the first World War, are now being liquidated and their functions will be taken over by the International Civil Aviation Organization. In the same manner, the Inter-governmental Committee on Refugees is being incorporated with the International Refugee Organization of the United Nations.

Canada's subscription to the International Red Cross for 1948-49 has not been decided upon as yet. Last year's contribution amounted to \$20,000.

IV. OTHER FORMS OF AID

Overseas Relief on a voluntary basis:

Complete figures of the volume of Canadian private aid abroad are not available, but the value of the supplies shipped overseas from the beginning of the war to the end of 1947 by agencies which come under the scrutiny of the Canadian Government amounted to \$95,000,000. This aid included such articles as clothing, bedding, foodstuffs, medical supplies and cash. In 1945 the weight of parcels, mainly consisting of food, sent from Canada to the United Kingdom and other European countries totalled 11,351,000 pounds; in 1946 nearly 25,000,000 pounds; and in 1947 nearly 40,000,000 pounds. On top of that, Canadian societies, working on a voluntary basis, have made shipments of supplies and cash transfers to overseas people living in the devastated areas, to the amount of \$17,992,400 from January 1947 to April 1948.

Assistance to Displaced Persons and other Refugees:

Canada has agreed to admit for permanent residence 32,500 refugees from displaced persons camps in Europe pending international negotiations on the ultimate number to be admitted. Under this agreement, 20,500 had already arrived at the end of June 1948. In addition, approximately 5,000 former Polish soldiers have been admitted and placed on farms, and 3,500 persons granted temporary refuge in Canada during the war, were later given permanent residence. On May 28, 1948, admission to Canada was granted in principle to certain categories of close relatives of Canadian residents who are in a position to care for them. Out of 36,873 applications of this type, 6,500 have already been granted.

Canada was not only the first non-European country to take independent action to admit displaced persons and refugees who are not otherwise admissible, but has admitted more displaced persons, on the grounds that they were displaced persons, than all other non-European countries combined.

General Production and Price Policies:

The real Canadian contribution to world recovery is not to be measured in terms of the money provided by way of relief and credit, but in terms of goods and services. People eat food and wear clothes - not dollars. Production of vitally-needed foodstuffs in Canada increased during the war years by nearly 50 per cent, with a farm labor force only 75 per cent of pre-war strength. Since that time food exports have increased considerably over the wartime average.

By agreeing to a lower sale price (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, the various contracts entered into to supply European countries, and especially Britain, with goods indispensable to their reconstruction undoubtedly provide tangible assistance at a time when assistance is badly needed.

(Additional copies of this reference paper or copies of the complete texts of the speeches quoted may be obtained from the Information Division, Department of External Affairs, Ottawa.)

General Information and Price Policies

The first condition essential for work recovery is not to be hindered in the form of the money provided by way of relief and credit, but in terms of goods and services. People eat food and wear clothes - not dollars. It is essential to witness the foodstuffs in the market. During the war, money was scarce by itself, with a farm labor force only 1/3 that of pre-war strength. Thus, the market agents have had to be satisfied with the limited amount of goods available.

By applying for a lower rate of interest, the farmer would have been benefited and obtained from a more advanced situation, by having regard for the different policy of the system and by being based on low-rate rather than short-term contracts. The various contracts entered into to supply the various countries, and especially Britain, with some facilities to their local situation undoubtedly provided a certain amount of relief to the farmer in the early months.

(Additional copies of this reference paper or copies of the complete text of the speeches quoted may be obtained from the Information Division, Department of Economic Affairs, Ottawa.)