

International Trade

The war which concluded four years ago accentuated a change in the pattern of trade which had been developing from the beginning of this century. Western European countries, which had traditionally been the main importers of food and raw materials and the main exporters of manufactured goods had, even before the war, met with increasing competition, especially from the Western Hemisphere.

The war hastened the trend, the completion of which may otherwise have taken many more years. Most of the participants in the war suffered violent disruption and destruction of productive resources. Many of them were obliged to draw on their reserves of gold and convertible currency, and to sell their overseas investments, the interest from which had previously assisted them to balance their overseas receipts and payments. On the other hand, a few countries relatively unscarred by the war developed their levels of production to unprecedented heights.

With the close of the war, the devastated countries could look only to those few fortunate nations for vitally needed goods. At the same time, those who most needed imports could not produce sufficient exports to pay for them.

The dollar shortage has arisen directly from those causes.

In the meantime, a way had to be found by which the Western European countries could be saved from economic ruin and political disruption. Co-operation among the affected nations was necessary and promises to be highly beneficial, but without assistance from the Western Hemisphere, no efforts, however strenuous, could be successful.

From the end of the war up to June, 1947, the United States had provided by loans and other means approximately £5,000,000,000 to assist the rest of the world. In 1947, the United States announced that it was prepared to give a further sum—up to £5,000 million—towards European recovery, over a period extending to 1952.

The results of this most generous and unselfish act have already been notable. With the assistance of Marshall Aid, production in Western Europe, and particularly in the United Kingdom, has been substantially expanded during the past year.

The aid from the European Recovery Programme cannot, of itself, solve the economic problem of the Western European countries. By severe restriction of imports, especially from hard currency areas; by the expansion of production and exports; and by an increasing volume of intra-European trade and financial payments, the beneficiaries are striving to play their part in the achievement of full recovery.