

than \$6,000,000,000. The actual amount of the national income will, of course, be influenced to a large extent by the general level of prices after the War, but to enjoy in normal times a national income of this size, it requires little reflection to see that exports, upon which the Canadian economy turns, must be maintained on a basis substantially in excess of the 1938 or 1939 level. In 1938 Canada exported \$340,000,000 worth of goods to the United Kingdom, while importing therefrom only \$119,000,000 worth. From the United States the Dominion purchased \$425,000,000 worth of produce, while selling to that country only \$270,000,000 worth. This, in broad outlines, was the pre-war picture—one which, by force of circumstances, may be greatly changed in the post-war period. The truth is that the impoverishment of Europe and especially the financial effects of the War upon Canada's best customer, the United Kingdom, has upset entirely the post-war balance of creditor and debtor nations and, therefore, will profoundly influence future movements of trade. The United Kingdom will emerge from the War with a large proportion of her foreign investments liquidated and a huge load of debt. Certain other countries that have been occupied by the enemy will be in a still worse position, and the need to buy from countries that buy from us will be an important consideration in trade.

In 1938 only 27 p.c. of Canadian exports went to countries outside the United Kingdom and the United States. If, in the years to come, export volume is to be maintained at the required level to sustain a national income of \$6,000,000,000 or more, then a great increase in Canadian trade with the countries of the world, outside the United Kingdom and the United States, must be the goal; Canada must also be prepared to import more goods from the United Kingdom; and imports and exports with the United States must be brought more closely into balance. The Department of Trade and Commerce has done much to prepare the way for the building up of Canadian post-war trade (see pp. 472-473) but plans to meet the post-war situation will depend as well, and largely, on the sort of international economy that will be set into operation by the United Nations. Whether this will permit of multilateral trading, under which nations will be able to spend their external incomes in countries of their choice under a system of free currency exchange, or whether the world will revert to the pre-war narrowing and constrictive aspects of separate bilateral arrangements remains to be seen. At any rate, there will undoubtedly be a transition period during which conditions will not permit of the immediate introduction of a freely functioning world system. The transitional problems themselves will prevent the working of any such ideal scheme. Those countries of Europe and Asia that have suffered serious damage from enemy occupation will need time and sympathetic assistance to rehabilitate themselves but the problem will be broadened by the widespread interference that the War has brought to world-wide basic economic relationships that may take many years to re-establish.

The transition years, therefore, hold no promise of easy adjustments. New problems, almost as challenging as those that have been successfully overcome during the War, will have to be met on the basis of financial perspectives broadened by the War and on entirely different lines to pre-war experience.