

The European Recovery Programme in its final form leaves considerable discretion to the Administrator, Mr. Paul Hoffman, in its operation. Details are at present being worked out, but it appears that the bulk of the assistance will take the form of United States exports. "Off-shore" purchases (that is, purchases made in other countries) may be paid for with dollars provided by the United States, subject to the consent of the Administrator. The assistance is being given as grants or loans, the proportions of each being left to the decision of the Administrator and his Advisory Council. Participation is conditional on the country concerned entering into an agreement with the United States as a basis for economic co-operation.

This great and generous Programme, which is equalled in its conception and vision only by the mutual aid provided under the Lend-Lease Act of 1941, demonstrates the liberal economic policy of the United States and augurs well for the future of international economic co-operation.

Sterling Area

The sterling area provides an outstanding example of an efficient trade and payments system. New Zealand is fortunate in being a member of the sterling area, and therefore able to trade over a large part of the globe, without being limited in her purchases from any other sterling country by ability to export to that country. The centre and strength of the sterling area is the United Kingdom, in whose well-being we have a vital economic interest.

United Kingdom Position

In acting as banker for the sterling area, and in financing, through convertibility of sterling into dollars, a substantial proportion of the dollar deficit of the rest of the world, the United Kingdom has since the war faced international financial problems of unprecedented magnitude. In circumstances of extreme difficulty the United Kingdom accepted, in December, 1945, a loan from the United States of 3,750,000,000 dollars and a loan of 1,250,000,000 dollars from Canada. By her own efforts, supplemented by these borrowed moneys and by drawings on the International Monetary Fund, the United Kingdom has financed a net drain on the total reserves of the sterling area of £(stg.)226,000,000 in 1946 and £(stg.)1,023,000,000 in 1947. Last year Britain's deficit on overseas trade and earnings was £(stg.)675,000,000. Members of the British Commonwealth, other than the United Kingdom and the colonies, are not eligible for Marshall Aid, and it is recognized that non-European countries within the sterling area have some responsibility to assist the recovery programme. It would handicap rather than help recovery if they should endeavour to overcome their own dollar deficits by the diversion of goods to dollar countries. Therefore the dollar requirements