

The first major post-war step to fill the dollar gap was the United States loan to the United Kingdom of 3,750,000,000 dollars. That loan had two conditions—one, of convertibility; and the other, non-discrimination. These two conditions were extraordinarily onerous, although not thought so at the time. The effects of restoring convertibility of sterling raised the net gold and dollar deficit to over 4,000,000,000 dollars in 1947, and the loan was soon exhausted.

### *Britain's Share of Marshall Aid Funds*

The European Recovery Programme—or, as some people call it, the Marshall Aid Programme—followed. In 1948–49, out of the Marshall Aid Programme, the United Kingdom was allocated \$1,239,000,000, and her share for the current year is \$962,000,000. Without this assistance the United Kingdom would have been unable to make the progress she has already made towards recovery.

The United Kingdom four-year programme linked in with the 1948–52 Marshall Aid Programme. Towards the end of 1948 the United Kingdom drew up a four-year programme aiming at the achievement of a satisfactory level of economic activity, without outside assistance, by 1952, when the Marshall Aid Programme was due to end.

The two major factors necessary for British recovery were increased production and increased earnings from exports, particularly exports to the dollar areas. Remarkable progress has been made. I question whether any other country among those which have been experiencing difficulty during the post-war period has done more by itself to overcome the disequilibrium of war through its exports and the living of an austerity life than has the United Kingdom. I question whether any other country has even, when the whole thing is properly measured up, approximated what the United Kingdom has done. It ought to be recorded that Britain during the period herself has contributed £900,000,000 to the recovery of Europe. That has to be recorded to the credit of the United Kingdom. During 1947 Britain's output was disorganized and delayed by something that is normally forgotten—a fuel crisis. The people of Britain went through the worst winter that had been known for a hundred years. Because of unprecedented falls of snow, railways and roads were blocked, and they were not able to transport fuel from place to place. That automatically meant a decline in their productivity. That was in 1947. During 1948 physical output increased tremendously, and in the second half of that year exports had so increased that for the first time in many years a balance in external trade and payments was achieved. Actually the balance was slightly on the right side. Some will remember the sensation which was caused by Mr Mayhew when he said, at the United Nations meeting