

Perhaps the most significant statement contained in the report is its very first sentence. We would most heartily support the view that the major countries of the world now have both the will and the means to avoid deep and prolonged depressions. Based on this assumption, which we regard as a realistic one, the Experts concern themselves primarily with the problems arising out of the impact of recession in a major country upon the economic stability of other countries. It would be over-optimistic to expect that minor fluctuations in economic activity and employment can be avoided entirely in the future. Indeed it should be recognized that economic adjustments are a fundamental part of the process of economic progress. In a sense they are the price of progress and largely inseparable from it. At the same time, it must be recognized that what may appear to be a minor recession in a large industrialized country may have a much more serious impact on the economies of other countries, especially countries which are highly dependent on the production and export of primary commodities.

This is all the more true where recessions originate in large industrial countries which are not heavily dependent on international trade, such as the United States. Even though we can proceed on the assumption that major depressions will be avoided in the future, it is nevertheless of great importance that everything possible be done to soften the impact of fluctuations on the economies of smaller countries and those heavily dependent on foreign trade. This is the problem to which the Experts direct their main attention.

In the view of the Canadian Delegation, this report is more helpful than the one prepared in 1949. The present report recognizes that there is no royal road to economic stability. There is no set of fixed rules nor any automatic formula which can replace the exercise of responsibility by national governments. This is fundamental. On the other hand, while the primary responsibility for maintaining stability must inevitably rest with national governments themselves, international institutions can be of assistance. At best, however, they can do no more than supplement appropriate policies by governments. It is important to recognize this basic fact. Otherwise there is a danger that we will place undue emphasis on institutions which, by their very nature, cannot possibly carry the main burdens. It is understandable why the Experts have devoted the major portion of their report to international efforts. After all, this is a report initiated by an international body, and designed for international discussion. It is to their credit that they recognize that national policies based on the leadership of the great industrial nations are essential to the achievement of our basic objectives. At the same time, it is not unreasonable to suggest that it might have been appropriate to devote more detailed consideration to national policies in the achievement of international economic stability.

It may be useful to consider what policies would be appropriate if countries are to be in a position to contend with future economic adversities. In the view of the Canadian Government, the task is one which requires active measures at this time by all countries, creditor countries and deficit countries, developed countries and under-developed countries. Countries which today are experiencing balance of payments difficulties should take vigorous measures to bring inflation under control, to establish domestic stability through appropriate monetary and fiscal policies, to maintain their production and exports in a competitive position, and to rebuild their depleted monetary reserves. Surplus countries should maintain and extend