

"This century has seen the steady decline of faith in extreme economic solutions. Unchecked private ownership leads to intolerable economic instability, while unchecked state ownership leads to intolerable political tyranny. The result has been to drive men of good will to seek for solutions in the center.

"These explorations...have resulted in the development of the idea of the Mixed Economy, where the Government, exercising its primary control through fiscal policy, would supervise a diversified economic society composed of capitalist, cooperative and socialist sectors. In such a society it should be technically possible to abolish depression without destroying freedom".

A similar blending of private and public enterprise should characterize the conduct of our foreign trade. The events of the last decade in world affairs have not, I think, made the idea of complete state domination over external trade attractive or acceptable. There used to be a theory that the primary source of international conflict was the economic competition of capitalist big business, which made use of the national state as its aggressive instrument of exploitation. Those who held this theory believed that if the state were to control or eliminate private enterprise in international trade, the threat of war from such economic imperialism would vanish. We now realize, however, that the contest for markets and raw materials can be fully as bitter and dangerous when international trade is entirely under the control of the state as when it is entirely under the control of private enterprise. In fact, there is a good deal of evidence that the totalitarian national state is more dangerous and aggressive in its conduct of international trade than the private corporation. We are also beginning to realize that totalitarian control of the economic life of a nation may lead us into absurd and inefficient international rivalries, arising from a desire for autarchy.

On the other hand, we accept in regard to our economic relations with other countries the same principle that governs our economy at home -- namely that the object of our economic life shall be to contribute as much as possible to the strength and welfare of the nation as a whole. There are circumstances, therefore, in which Government finds it necessary to assist in maintaining the position of the producers of, for example, so vital a commodity as wheat. There may be times also when it is necessary to assist private enterprise in order to ensure that we have adequate supplies of the materials which we must buy abroad. There is an added and equally important consideration affecting our foreign trade which must be the special responsibility of government. The welfare and stability of our own economy as a national state is closely bound up with the welfare and stability of the free world generally. The communists assert that our capitalist economy is bound to collapse, a postulate on which they base so much of their policy and so many of their hopes. Indeed, the foreign policy of the Soviet State today is determined in part on a gamble that this assertion is correct. A group of men sit in the Kremlin waiting expectantly for an economic depression to destroy the strength and independence of the free world. That will be their opportunity, and they will know how to exploit it. Any free nation which pursues policies that weaken the economic stability of the Western World, or which fails to adopt policies that will strengthen that stability, is betraying, therefore, both its own interests and the interests of free men everywhere.

Over the past generation, we have made great progress in working out methods by which private individuals and associations on the one hand, and the state on the other, can cooperate in a manner which does not endanger the interests of either the community as a whole or of any of its members. There are many examples of this development in Canada. They vary enormously and each is adapted to the circumstances which it is designed to meet. In banking, in transportation, in radio broadcasting, in the marketing of staple commodities, or in the manufacture of essential products, where the responsibilities are too great for private enterprise to undertake alone, we have devised methods for