

WORLD MOVEMENT TOWARDS FREER TRADING POLICIES

MR. HOWE'S ADDRESS: "There is observable a surging movement in the world today towards freer trading policies," said the Minister of Trade and Commerce, Mr. C.D. Howe, in addressing the Eighteenth Congress of the Federation of Chambers of Commerce of the British Empire in Montreal on June 16.

"The circumstances are favourable and I hope that the momentum will be maintained and built up," he continued. "I am optimistic enough to believe that we are on the threshold of a great opportunity in large parts of the world to make significant progress during the next year or two towards the freeing up of multilateral trade and towards the increased convertibility of currencies.

TRADE CONTROLS

"While the elimination of trade controls has gone a long distance in the United Kingdom and the Commonwealth, it is our hope in Canada that it will go much farther. We all know that when import controls are imposed in any country, there is a protectionist core of vested interests developed in domestic manufacturing industries which thrive comfortably in such sheltered markets. In the process of removal of its emergency import controls, the United Kingdom has now obviously begun to approach this protectionist core. It is our earnest hope in Canada that the United Kingdom will find it possible in its national interest to go the rest of the way. I am sure that to do this would bring great and lasting rewards to all concerned, including the United Kingdom.

"There are various fields of manufacturing enterprise in which United Kingdom manufacturers are getting a free run at the Canadian market, which is open to them, while Canadian manufacturers of similar goods are still being prevented by restrictions from entering the United Kingdom market. This situation I take to be a purely temporary one. Where it exists, it is of course unsatisfactory from our point of view, even though, as I mentioned, we fully understand the pressure of circumstances which first gave rise to these policies. It must be equally unsatisfactory in the United Kingdom where the protection of import restrictions has frequently been accompanied by higher prices for consumers and users than would have to be paid if imports were permitted to enter from abroad.

"I am sure you have in mind the uncertainties with regard to international economic policies in the United States, which are beclouding the international economic picture. We in Canada have been disappointed in certain developments in the United States policy, partly because there has been some movement in the wrong direction and, even more, because our American friends have shown hesitancy for

the moment and ceased to move forward as rapidly as before in the elimination of barriers to world trade.

"The United States has made greater contributions, I suppose, to the reconstruction of world trade than any other country during the postwar period. I have no doubt that they will again resume their necessary role in this field. It would certainly be wrong to draw any drastic long-run conclusions about reversals of policy from such unfavourable developments as have taken place thus far in the United States.

"We are obviously approaching now a period in which it is not only desirable but necessary for important countries which are members of the world trading community to re-examine the basis of their respective foreign economic policies to ensure that their policies are appropriate to the world within which we live today.

LIBERAL POLICIES

"In this connection, we in Canada have always regretted the tendency which exists in some quarters to assume that liberal trading policies can only be pursued advantageously while the United States pursues such policies. It is our view that if a liberal trading policy adds strength and vigour to the economic position of your own country - as it has here in Canada - all the more important to pursue it during periods of stress and uncertainty, and modify it as little as possible.

"We all recognize the preponderant role of the United States in the world economy and there would be obvious limits to the ability of the rest of us to march forward very far if the United States were going in the other direction. I do not really believe that we shall confront any such grim necessity.

"I was myself involved recently in meeting with some of the top-level members of President Eisenhower's Cabinet. I commend to you all to study the announcements we made after those meetings, because they showed the depth and earnestness of the intentions which exist in the United States Government to fulfil its necessary role in matters of world trade and finance.

"I am sure that the lessons we have learned from experience in the past will continue to serve us well in the future. In the promotion of world trade, we look, of course, to see what is the effective area of common interest within which trade may take place. In the world of today, we find the most natural nucleus of international co-operation within the North Atlantic community of nations, within the British Commonwealth of Nations, and broadly, within the so-called western world which has also undertaken joint projects of common