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WEEK'S EVENTS IN REVIEW

MR. PEARSON ON WORLD TRADE: Holding that accomplishments on the fronts of security and political co-operation would be nullified if the free nations pursued short sighted and inadequate policies on the economic front, the Secretary of State for External Affairs, Mr. L.B. Pearson, speaking at the opening of the International Trade Fair, at Toronto, on June 1, appealed for the removal of trade restrictions to permit an expanding flow of international trade.

Partial text of Mr. Pearson's speech follows:

"What is the present picture? Economically the free nations are divided between themselves into dollar and non-dollar groups. The movement of trade between them is still limited by barriers, restrictions and road-blocks both complex and exasperating. The free world is failing to use its economic resources efficiently at a time when heavy burdens must be borne for the common defence.

"The economic and financial policies associated with systems of trade restriction and currency inconvertibility do not contain the elements of a solution. Unless a joint effort is made to change the direction of affairs it is unlikely that the countries pursuing these policies will ever find their way back to freer trade and currency convertibility. On the contrary, the evidence indicates that the prolonged use of such restrictive policies aggravates the underlying difficulties because they provide the wrong economic incentives and lead to an inefficient use of resources. For some time the fabric of international economic relations has been held together through the

provision of special assistance, improvised measures and other expedients. The value of such expedients is diminishing and their existence becoming more precarious.

"The unsatisfactory condition of international economic relations, the dangers and weaknesses resulting therefrom, are matters which are now in the forefront of our common problems. They are a challenge to the vitality and endurance of our free societies. Concerted and determined efforts to build a stronger economic framework cannot be long postponed without grave risks both to our common security and to our common prosperity.

"These matters are of growing concern to Canada, not only because we depend so much on international trade for the level of our economic activity; but because we feel that they are relevant to the goals which all free peoples seek in this troubled world.

"In the post-war period when the institutional frame-work of the International Monetary Fund, the International Bank for Reconstruction and Development and the General Agreement on Tariffs and Trade was established, Canada played as active a role as any other country in the discussions. Like the other participants, we were anxious that the pitfalls into which countries tumbled in their efforts in the inter-war period to solve the problems of employment and international trade should be avoided in the post-war period. You will agree, I think, that these arrangements for international co-operation and consultation have been of great benefit to all countries that have participated in them.

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