

from abroad. This poses a very real dilemma for our whole foreign policy."

Mr. Truman went on to request the Board to undertake a thorough and independent examination of all aspects of the foreign trade policy of the United States.

Mr. Truman cited the so-called "cheese amendment" as an instance in which performance has departed from policy. This restriction, enacted by Congress on imports of cheese and other dairy products, is admittedly in contravention of trade agreements and a violation of the general agreement on tariffs and trade. Numerous applications for higher duties are now before the Tariff Commission, many of which, if granted, would require resort to the escape clauses in trade agreements. It is also not widely realized that the basic law which governs the administration of customs is still the Tariff Act of 1930-- the famous Hawley-Smoot Act; an important measure to amend it so as to bring customs procedures into conformity with simpler standards, agreed between most of the free countries and enacted by many of them, has been before the Congress for several years without final action.

None of these matters is in itself a very big thing. Inside the United States these protectionist breezes may not seem important. In other countries, however, and not least in Canada, they are felt as a chill wind. Producers abroad ask whether it is worth their while to expend money and effort in finding new markets in the United States when success might be met with the imposition of a new tariff or quota restriction. Thus such small new obstacles to trade as the "cheese amendment" look a great deal bigger when viewed from outside.

There are some factors at work which, in the long term, should help to bring about a more even balance between the exports and the imports of the United States. I am sure that other participants in this conference will refer to the recent and admirable report, "Resources for Freedom", presented last month by the President's Materials Policy Commission. As many of you know, this seeks to estimate the needs of the United States for raw materials up to the year 1975. It shows the extent of the drain on the domestic supplies of many essential materials and the growing dependence on imports. It forecasts the enormous increases in consumption which can now be expected. It recommends urgently that new sources of supply must be developed at home and abroad. It points out that at present the United States alone consumes about half the materials of the free world and that a lot must be done to keep satisfied the enormous digestive power of American industry. It urges a great increase in the investment of American capital abroad in the development of natural resources. These recommendations will not be carried out without effort.

The Western world must aim not only at creating situations of strength, but at maintaining them indefinitely. To do so, its economic power must be made more secure. It must be supported by the development of new sources of the materials needed to keep up its productivity, to maintain its social structure, and to equip its armed forces. Its resources are great, but not so great that any unnecessary drain on them can be afforded, such as that which arises from abnormal import restrictions and currency arrangements. Somehow or other means must be found to mend this "chink in the armour of the free nations".