

such controls contravene the spirit of the General Agreement, when they come to be regarded as permanent fixtures by the countries which impose them.

The Government of Canada believes that it is of paramount importance that the responsibilities and commitments undertaken through the General Agreement should be observed in the letter and in the spirit of the General Agreement. Any deviation from the practice plays into the hands of the enemies of the Agreement. In this connection I might perhaps refer to the situation created by the recent application of import restrictions on certain dairy products moving into the United States. This measure has taken the form of an amendment of the Defence Production Act although it is obvious that defence production and national security would seem to have very little connection with import control on cheese. The United States administration is moving promptly to correct this obvious violation of the terms of the General Agreement and it is to be hoped that the United States will find it possible to rectify the situation in the near future. I have mentioned this only as an example of an action which those of us who place great value upon the Agreement must guard against.

This is to be an important session of the Contracting Parties. The agenda deals with issues which are basic to the continuance of the General Agreement and to the efficiency of the administration of the GATT. In these times of pressing emergency, which pertain to problems of defence and rearmament, there is a natural tendency in some quarters to overlook the problems of commercial policy. We must oppose this tendency because the expansion of trade and commerce is as vital to all of us today as it ever was.

Within the GATT we have many countries with different systems of government. For myself, I have always found that production and trade are most efficiently organized by private people. On occasion, of course, the Canadian Government has shown its ability to organize production very efficiently. Some of the countries represented here have committed themselves, on the other hand, to a considerable degree of state control and state direction of their economic affairs. One of the great virtues of the General Agreement is that, from the beginning, it has represented a workable compromise between these points of view. If world trade is to flourish in the future, as it must, it will be necessary to continue this basis of common arrangements and common understanding between state trading and private trading countries.

It may happen on occasion that arrangements which have been made become impossible to continue. Where governments undertake the direct control of trade, there is always the danger that such devices will be used as political and economic weapons. In such circumstances, it is possible completely to frustrate trading relations as envisaged by the General Agreement. Extreme problems of this kind will not often arise, however, and when they do they can be dealt with as isolated cases.

It is essential that the vitality of this organization be preserved. To this end it is necessary to arrange for its financing on a stable and continuing basis. My delegation is interested in the provision of machinery by which the Contracting Parties would carry on the details of technical work between sessions, so that