



STATEMENTS AND SPEECHES

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No. 52/25 SOME ASPECTS OF INTERNATIONAL TRADE

An address by the Governor of the Bank of Canada, Mr. Graham Towers, to the Investment Dealer's Association of Canada Annual Meeting, at St. Andrews-by-the-Sea, N.B., June 13, 1952.

You may find it rather surprising that I should have chosen to speak today on some aspects of international trade. It is true, of course, that Canada's interest in this field is far from academic because our prosperity is heavily dependent on a high level of foreign business. On the other hand, there has been a tremendous amount of discussion of international trade and related problems during the last seven or eight years, and one might wonder what more could usefully be said. My intention is not to thrash old straw, but rather to assess, so far as I am able, the results of all the discussion and effort to improve international trading conditions in the post-war period. In other words, I propose to ask the score.

As a first step, let me briefly sketch in the background, familiar as it may be to all of you. Long before the war ended, it was obvious that the disruption which it was bound to cause would leave many countries in a very weakened condition. For those which had suffered serious war damage or occupation, the task of restoring pre-war conditions would be a formidable one. And yet this in itself was not enough. Such countries needed resources to look after growing populations and to hold out tangible hopes of improvement in pre-war standards of living. The same could also be said of many countries which had not suffered war damage, but had been indirectly affected by the chaos in Europe and parts of Asia, and would continue to be affected by the weakened position of the European continent. The desire that things should be better, and the recognition that the strong must help the weak, was inspired solely or even mainly by humanitarianism, in spite of occasional jeers to that effect from those who take a dark view of such things. It was based upon the belief that political security is founded on economic strength, and that unless the freedom-loving nations of the world could demonstrate their capacity for material progress, the international political consequences might be most unfortunate. Nothing has happened since the end of the war to indicate that this view was wrong.

Another belief was that economic strength could not be achieved if each country, or even groups of countries, put up barriers to trade and tried to pull themselves up by their own bootstraps. It was felt that the free world's interests could best be served by the maximum possible degree of economic co-operation between countries, so that the waste of resources in uneconomic production would be kept as low as possible.