

The United States has already made an important contribution to the reduction of trade barriers. Although the percentages I am about to quote do not take account of duties which are so high that they exclude imports more or less completely, it is significant that since the Reciprocal Trade Agreements Act came into force in 1934 the average ad valorem incidence of United States duties on dutiable goods has been reduced from 46.7 per cent to 12.5 per cent. A large proportion of this reduction has been effected through the concessions granted at Geneva, Annecy and Torquay and embodied in the appropriate schedule to the GATT. Besides many United States duties are not ad valorem but specific and the considerable post-war rise in the price level means that the ad valorem incidence of these specific duties has been greatly reduced. This particularly affects the main products exported from Canada to the United States. We, therefore, have benefitted in two ways, firstly, from the reductions in duties as a result of the concessions in trade agreements and secondly, from the reductions in the ad valorem incidence of specific duties.

Our position is a fortunate one. The United States has ceased to be self-contained in respect of many raw materials. They are looking for convenient sources of supply outside of their own borders. To what country could they more conveniently turn than to Canada? What other nation would not envy our position as a country possessed of great resources alongside of the most highly developed industrial nation?

However, this change in the complexity of the world economy is having one unfortunate result for Canada. A much larger proportion of our exports is now composed of raw materials and foodstuffs. This does not mean, however, that we have become hewers of wood and drawers of water, because in a period of dynamic growth the terms of trade favour those in possession of the raw materials which are growing relatively scarcer. Nevertheless, we would all feel happier if manufactured goods were contributing a larger proportion to our export trade. Now it is exactly in respect of manufactured goods that there has been little reduction in the United States barriers to imports. The duties on this class of goods are mostly ad valorem and the rates usually are very high. Moreover, the complexities of the United States customs laws and regulations are restrictive chiefly in respect of manufactured products. The United States negotiators also have been more timid about granting concessions on finished goods than on semi-manufactured products and raw materials.

While this situation has been disadvantageous for Canada, it has been disastrous for the Western European countries who chiefly have finished goods to sell to the United States. This explains why they have been less impressed by the results of the Reciprocal Trade Agreements Programme than we have been. Yet it is the Western European countries that we need to help if the economy of the free world is to be viable. The present situation calls for bold measures if the United States is to give the leadership necessary to assure the free world of peace and prosperity on a sound basis.

The most effective manner in which the United States can provide bold leadership is to reduce its tariffs further and to simplify its customs laws and regulations. In doing so it can require in turn other countries to give up those forms of quantitative restrictions which have been doing so much to throttle trade since the war. It is encouraging to note that in