

While co-operation between us remains close, it should not be closed. It should also be such as to enable us to be more effective and constructive in our collaboration with others - economically as well as politically. As the communique issued after the first meeting of our Joint Trade and Economic Committee in March last observed, "the economic problems of Canada and the United States can be solved with greatest success in a world where the volume of trade is steady and increasing and where exchange arrangements are of a kind to facilitate its growth". It was, therefore, natural that the representatives of our two countries gave consideration at that meeting to "the need for action towards freer trade and payments on a broad front". Such outward-looking collaboration is not only good for us: it is, I think, good for our friends throughout the world.

We in Canada are especially conscious of the need for such broad policies of co-operation, because while we are very much of the new world, our associations and links with the old world continue to run deep. I know you will bear with me, therefore, if I take a moment to explain why we regard the present situation to be so critical in terms of a need to develop closer and more effective economic relations with our friends and allies abroad.

Since the end of the war the United States and Canada have campaigned together for a more rational system of world trade based on more liberal tariff and other commercial policies. We have stood together through some dark times when everyone else seemed to be going off in another direction, relying on restrictions, quotas and discriminations against us to deal with their external financial problems. These particular difficulties seem to be receding. A number of our friends across the Atlantic are now feeling a new surge of economic strength and they have taken important initiative to lead their neighbours forward in common efforts to achieve convertibility and non-discrimination in trade. It is clearly in our best interests to welcome and encourage these efforts by every means available to us, and to do nothing by our own policies which would hinder and possibly prevent them.

While the opportunities for real progress towards a freer system of trade and payments are more promising at present than at any time since the end of the war, we must nevertheless recognize that the balance of forces abroad - and, indeed, at home - in favour of major progress now is a precarious one. As the Secretary-General of the U.N. reminded us in a speech to the Economic and Social Council a few weeks ago, "the world is still skating on thin economic ice".

A great deal will now depend on whether we in North America are ready and willing to extend the co-operation which will be necessary if recent constructive moves are to continue. Overseas countries are watching with great interest any developments in our two countries which offer an indication of the direction of our trade policies. A positive lead on the part of North America at this critical juncture can, I feel, tilt the balance in favour of progress. By the same token even minor defections on our part are liable to have an influence on the attitudes of overseas countries which goes far beyond their actual impact on trade.