

encroachment of Communism which a short while ago threatened to engulf them, has been successfully halted. If the trading world in which we find ourselves today is still a far cry from the bold objectives at which we aimed, I believe that is a measure of the scope and intensity of postwar dislocation rather than an indication of the failure of our policies. It is only recently that we have become fully aware of the magnitude of the changes that have taken place in the world economy and of the profound shift in the balance of economic power from Europe to North America. I believe that if we measure the progress achieved against the real problems that confronted us, aggravated as they have been by the division of the world into two camps engaged in fighting a cold war, we should have cause for pride and confidence rather than for disappointment.

Much, however, remains to be done and we shall need all the resources of patience and wisdom and statesmanship that we can muster. Until the serious lack of balance in world trade is overcome, we cannot expect to get rid of the host of discriminatory restrictions and devices which today impede a freer flow of world trade. A contribution to a better balance must be made from both sides -- from the side of the deficit or debtor countries as well as from the side of the surplus or creditor countries. Thus, the countries of Western Europe will have to produce and offer for sale to dollar markets more goods of the right kind at prices which are competitive. At the same time we in North America must be prepared to take more imports - unless, of course, we are prepared to lend abroad the amount of our export surpluses. Tariffs must be scaled down, customs procedures must be simplified and made more flexible and more reasonable. We must recognize clearly and tell our people that high tariffs and other protective devices are inconsistent with the position of North America in world trade today. It is my firm conviction that there is no other solution to the problem of how to restore a sound and sane trading world.

While I have been talking about North America as a whole, the important differences in the financial and trading position of Canada as compared with the United States should not be overlooked. We both export a good deal more to overseas countries than we import from them. Canada, however, runs a large trade deficit with the United States -- almost equal to its surplus with all other countries. In fact, at the present time our overall trade is just about in balance -- certainly we have no very large export surplus. The United States, on the other hand, has a very large trade surplus with the world as a whole and for this reason is in a position to increase imports by large amounts from all sources. While it is in our interest, as it is in yours, to expand imports from overseas countries, in the case of Canada we must at the same time try to bring our own trading position into better balance by selling more goods in the United States and other dollar markets.

We have had considerable success in narrowing the trade gap with you in the last few years -- but more remains to be done. We shall endeavour to achieve a better balance by increasing our exports rather than by restricting imports. That has been our policy. But we cannot do it without your help. We have been greatly encouraged by the splendid leadership which your country has given to the great task of removing barriers to world trade. I am confident that the goodwill and co-operation which contributed so much to our past relations will make it possible to meet this problem, as we have so many others, in a manner which will enhance the welfare of both countries.