

access to capital, technology and ideas from all around the world and the principle that the people of each sovereign state should have as much control as possible over their own economic destiny.

It is my belief and it is the burden of my remarks to you today that a reconciliation between these two principles is possible without the imposition of harmful restrictions upon trade and capital movements.

My belief is based on what has been happening in the world since the war; a period that has witnessed the most rapid rise in standards of living in history. It has witnessed the emergence of dozens of new states each intent on controlling its economic destiny. It has been a period without the kind of world-wide depression that occurred periodically before the war.

And this is the point -- during this same period there has been a dramatic reduction in barriers to international trade, an enormous increase in the volume of trade and an unprecedented and ever-growing movement of capital and technology across national boundaries.

The historical evidence is certainly that freer trade and access to capital, technology and ideas reinforces the ability of individual countries to control and improve their economic performance. I cannot resist adding that the policies of economic nationalism which were so widely practised during the pre-war period did not protect individual countries from the effects of the Great Depression. In fact the reverse was true. Moreover, during this recent post-war period we have seen a dispersal of economic power, not a concentration. The United States, once a giant among mortals, is now only one of the great, sharing its economic power with the new Europe and Japan.

Another reason for my belief that a reconciliation is possible is that the extremes are being abandoned. Protectionism, as such, is no longer respectable as an economic doctrine, no longer acceptable as a means of increasing national wealth. At the other extreme, the art of trade negotiation is improving so that the removal of trade barriers is being managed with less pain. Turning to foreign investment, the argument is no longer in terms of black or white. It is usually presented as a matter of degree, or a matter of behaviour of multi-national corporations, or of the degree of control exercised by the government of the parent company, or the sector of the economy in which the investment is being made.