

Most countries have found themselves grappling with inflation and shortages and not with unemployment. What we have witnessed, therefore, is a multiplication of trade restrictions, not for the purpose primarily of protecting domestic producers against foreign competition, but rather for the purpose of protecting national reserves of foreign exchange, particularly dollars.

True enough, this is a regrettable development. Trade restrictions, whatever their origin, and however temporary they are intended to be, have a tendency to become imbedded in the structure of a nation's economic life. Quantitative restrictions, introduced for balance of payments reasons, do afford particularly effective protection against foreign competition, and the longer they are continued the more difficult they are to abandon.

We know something about this problem. Just five years ago today Canada was forced to impose quantitative restrictions in order to conserve U.S. dollars. There was strong pressure to continue those restrictions when the need for them disappeared. But the Government, from the outset, made it quite clear that they would be removed when they were no longer needed, and within a comparatively short period they were completely swept away. We followed the same policy with respect to foreign exchange controls. That is one of the reasons why Canada today is in a strong competitive position on world markets.

But, when we are inclined to look on the dark side of post-war trade developments, let us not overlook one highly significant fact. That is that international trade, as a whole, both in volume and value, is greater than ever before. Surely this does not indicate a collapsing system of international trade, nor does it indicate that we have been on the wrong track.

We may often feel that the plans which the free nations drew up and launched seven or eight years ago for the revival and expansion of world trade have in many respects fallen far short of succeeding in what they set out to do. Admittedly that is so. In certain directions the headway that we have made has been disappointingly small and slow. Nevertheless, it is a fact that, in the last half dozen years, the free nations have done far more in the way of getting together and working together for the purpose of putting the commercial world back on its feet than has ever been done before. There has literally never been a period when so much has been undertaken collectively and co-operatively.

On this side of the water we may occasionally question whether our part in this joint effort has not been rather costly in terms of money. On that score I have no doubt or misgiving whatever. If we had failed, either in Canada or in the United States, to give the kind of help which in these recent years the circumstances have required, and have required without delay, I am certain that both the immediate and the ultimate costs to our own pockets would have been infinitely heavier than they have been.

All of the free nations, that have worked so closely and so energetically together, can claim some credit for the fact that international trade is now moving