

MR. PEARSON ON WORLD TRADE

"To achieve these goals we must avoid now any action which would weaken or destroy our faith in international trading and financial arrangements and cause us to revert to a policy of every-man-for-himself and the devil take the hindmost. That way lies economic and political strife and division. There would be no surer way to weaken the free world, and to direct it into the hands of those who would convert it into a totalitarian tyranny than to permit the volume of international trade to start on a downward spiral, with countries again resorting to the unilateral and restrictive measures which brought the level of such trade in the 1930's to a mere trickle. This may be exactly what the forces who are opposed to our free way of life are now contriving. This may be their latest 'secret weapon'. It may be their economic atom bomb.

COMINFORM DOCTRINE

"Cominform doctrine teaches that capitalist states left to themselves will destroy one another by their internal and mutual contradictions. Apologists for the failure of this doctrine to operate in recent years argue that the stimulant of rearmament and the economic collaboration of the free world have arrested its orthodox development.

"Therefore, they conclude that if the threat to our security could be withdrawn, or appear to be withdrawn, the economic collapse which Communist theory has been forecasting for years might soon become a reality.

"Recent moves on the international chess board may be the first step in an effort to exploit to the full the weaknesses and divisions which, according to orthodox Communist theory, exist in the economic structure of free, democratic states.

"It is not merely a slackening in rearmament that is hoped for, to be followed by reduced business activity in the countries of the West, with consequent political and social difficulties. These are indeed dangers for which Western Governments must be prepared. But it is in the field of international trade and international relations generally that the richest prospects for disruption may be discovered and the West split asunder.

"Josef Stalin stated the case for this theory plainly last October in an article in 'Bolshevik'. Noting the disastrous effects of the breakdown of the single all-embracing world market - that is, free multilateral trade - he confidently predicted - once again - that capitalist states would be forced in due course to pursue an independent economic path and would eventually make war among themselves. His successors have not yet repudiated these aims, even though they may have changed their tactical approach to their realization.

"Such aims would be well served by a retrograde scuttling into the faulty and out-of-date shelters of a panicky protectionism in-

duced by the insidious suggestion that we have something to fear from the reduction of armaments which should follow genuine peace; that it must bring recession and then depression. That is a craven attitude based on the nervous fluttering of stock market ticker tapes, and no citizen should have anything but scorn for it.

"More trade on a wider, not less trade on a narrower basis, is the answer. In normal conditions this would include more trade also with the countries of the Soviet bloc. Our experiences, however, give us the right and the duty to enquire into the motives that may be behind trade overtures from those whose concept of international trade and international relations differs so greatly from our own.

SOVIET BLOC

"It is highly significant that at the annual meeting of the Economic Commission for Europe in Geneva this year, the Soviet bloc countries set out to preach their own doctrine of more trade to the Western European countries. Their spokesmen argued that it was hopeless to try to achieve a fruitful international balance by increasing exports to the United States; that protectionist sentiment there was so strong that greater competition from abroad would not be permitted. Therefore, it was only by developing its trade with Eastern Europe and reducing its arms burden that Western Europe could save, let alone increase, its standard of living. At the most recent trade talks under the auspices of the Economic Commission for Europe, spokesmen from the same countries dangled attractive looking promises of trade in precisely those goods which the countries of Western Europe are having difficulty in selling in the United States market.

"The lesson from this is clear. If no significant moves are made towards liberalizing trade on a broad and freer basis, those who wish to replace our economic system by one in which the state controls everything will be given support and encouragement. So we must strive - on both sides of the Atlantic - to strengthen our economic defences and build up maximum economic strength, by liberalizing and widening trade....

"Conscious of the harmful economic and psychological effects of trade and exchange restrictions, we in Canada were heartened by the results of the Commonwealth Prime Ministers' Conference last December. While we recognize that these problems cannot be solved by Commonwealth action alone, the fact that the United Kingdom and other sterling area countries showed such real concern about the serious harm that restrictions were doing, and such a genuine desire to remove them, was encouraging. Stress was laid on the need for Commonwealth countries to carry out domestic policies - sometimes difficult - which would curb inflationary tendencies, and would enable them to balance their international accounts