

The Ministers noted that the flow of trade between Canada and the United States is greater than that between any other two countries. They discussed various aspects of present trade relations and agreed on the desirability of avoiding any action which would interfere with this trade from which the two countries derive such great benefits.

Since the common 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 such growth, consideration was given throughout the discussions to the need for action towards freer trade and payments on a broad front. It was agreed that few things would contribute more to the well-being and stability of the free nations of the world than a forward move in this direction. The need for such progress seemed all the greater at a time when many western countries are faced with the necessity of supporting effective defense programs over a long period.

The United States and Canadian Ministers found encouragement in many of the economic developments that have taken place over the past year. They noted that the gold and dollar reserves of other countries generally have been rising; that there has been a marked improvement in the internal economic stability of many countries; and that these favourable developments have made possible some relaxation of import restrictions. Nevertheless, it was agreed that the recovery to economic health has not progressed equally for all countries. What is needed, it was concluded, is the creation of a more flexible system of trade and payments throughout the world which would offer greater resilience to changing circumstances and which would contribute dynamically towards rising standards of living. It was agreed that much of the necessary preparation for such an advance has already been accomplished by the work of the Commission on Foreign Economic Policy in the United States, by the proposals of the Commonwealth Economic Conference, and by discussions within the organization for European Economic Cooperation.

In the meantime, it was agreed that it is essential that pressing, but possibly temporary, economic problems should not be solved by expedients which might make more difficult the advance on a broad front that was held to be necessary. One immediate problem which received close consideration was that raised by the accumulation of large agricultural surpluses. Special incentives and favorable weather conditions have operated in varying degrees to enlarge these surpluses. The Ministers of both countries recognized that if surpluses were to be disposed of without regard to the impact on normal trade, great damage might be done not only to the commerce of Canada and the United States but also to the world economy. The Ministers reaffirmed that it is the continuing policy of their respective governments, in disposing of agricultural surpluses abroad, to consult with interested countries and not to