

INTERNATIONAL ECONOMIC CO-OPERATION

In his last major speech as Secretary of State for External Affairs, Mr. Sidney E. Smith, said that it is of vital importance that the common economic problems of the free world be solved successfully and harmoniously, so that under-developed countries may realize that the free way of life was much better than the totalitarian.

Speaking at the 208th annual meeting of the Halifax Board of Trade on March 16, 1959, Mr. Smith said that the free nations must either work together in the field of international economic relations, or accept the fact that they may well perish together.

Mr. Smith said in part:

"When one considers that one out of every five Canadians is dependent on export trade for his livelihood, the crucial importance of our external trade becomes starkly apparent. It is of these external economic relations that I intend mainly to speak tonight and, in particular, about the role of Government in the fostering of harmonious international relations. Notwithstanding the fact that Canada has a free enterprise economy and indulges in the minimum of state trading, governmental responsibilities have grown tremendously during the past few decades -- grown, in fact, in direct ratio to the ever-expanding network of international economic and trade regulatory machinery. The governmental role has grown, too, as a consequence of its exclusive responsibility for international aid programmes -- of which I will say more later in my address.

"But to deal first with trade -- the general objective, of course, of the Government's economic policies is to facilitate and foster trade both by seeking to overcome obstacles which may arise from time to time, and also by striving to create an international atmosphere which will help to expand trade on a world-wide basis. In the pursuit of this objective, it is of prime and increasing importance today to have an intimate knowledge of the policies and intentions of governments, since international trade is more and more being conducted or markedly influenced by governments. We also find ourselves participating in regular and close exchanges with our principal trading partners. We find economic matters arising more and more in many of the United Nations activities in which we are participating. Indeed, the means and methods of international economic co-operation have been multiplied out of all recognition over the past twenty years, and this is not just a sort of international Parkinson's Law in operation (although that seems to be a phenomenon present in some degree wherever governments are involved!), but rather a response to the urgent need to bring about a more rational distribution of the world's economic resources

to meet the demands of steeply rising populations seeking ever higher standards of living. It is upon a wise use of the international economic machinery that has developed, that much of our hope of achieving a saner and more prosperous world will depend.

INTERNATIONAL ORGANIZATIONS

"Let us glance briefly at some of the more important international arrangements to which Canada is a party. On the widest plane we have the General Agreement on Tariffs and Trade -- better known as the GATT -- which commits its signatories to the most liberal (with a small "l") of trading policies -- that is, to expanding trade and economic development on a worldwide scale by means of the lowering of tariffs and the removal of restrictive barriers. The significance of GATT lies in the fact that its 37 member states between them conduct some 80 per cent of the world's trade, and the reductions and bindings of tariff levels regulated under the Agreement affect some 50 per cent of the trade of the signatories. The Agreement has provided the apparatus by which four rounds of general tariff negotiations have taken place at which substantial reductions and bindings have been effected. This is a most significant contribution to the freeing of world trade.

"Of a global nature, there is the wide range of machinery and institutions set up under United Nations auspices for the harmonization of international standards and for the expansion of co-operation at the technical level. They include the Food and Agricultural Organization, the World Meteorological Organization, the International Civil Aviation Organization, (with its headquarters in Montreal), the World Bank and International Monetary Fund, to mention only a few. Canada is an active participant in them all. We have also supported efforts both within and outside the United Nations framework to devise solutions to problems of commodity trade. Thus Canada is a member of all the existing international commodity agreements on wheat, sugar and tin, and participates in the work of a number of study groups in other commodities. The value of this commodity by commodity approach, which attempts to consider and to ameliorate the conditions of trade in terms of the problems peculiar to each commodity, was reiterated at the Commonwealth Economic Conference as a means of mitigating the abrupt and short-term fluctuations in world commodity prices....

CANADIAN-U.S. TRADE RELATIONS

"Governmental participation in multilateral organizations and conferences of the kinds which I have been describing can do no more than create the framework within which freer international trade can develop. They require

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