

*Supply—Trade and Commerce*

giving preferences to commonwealth countries and that it is sought to do the same thing now by persuasion because the results of trying to do it by tariffs in the early thirties were very disastrous for this country. I doubt very much if anything like the objective the Prime Minister had in mind will be attained by persuasion under existing circumstances with the United Kingdom so busy meeting demands on it already, with that country having a condition of relatively full employment, and with a situation beginning to develop in the United States that will result in that country seeking markets even more in the days and years ahead than she has in the past and attempting to dispose of her products on the markets of the world to a greater extent than ever before.

I am quite sure that this is going to give rise to a demand that again we seek to divert trade by tariffs, controls on imports and various other means of interfering with trade. After the experience of the world in doing this in the thirties many economists and leaders of public opinion throughout the world expressed the view that never again should we return to this business of each country trying to live by itself alone and seeking to export its unemployment because it was realized that the results of that policy had proved disastrous in the thirties. Many people are of the opinion that if it had not been for the high tariff policy of the United States, the Hawley-Smoot and Fordney-McCumber tariff policies, which prevented countries like Germany from shipping their goods into that market and buying the food products they needed, high tariffs would not have been imposed upon export of wheat and other products into the European markets and the great unemployment that arose in those European countries would not have developed.

It is believed that there was a time when the popularity of Hitler before he came to power was beginning to decrease but because of the tremendous rise in unemployment in Germany Hitler, with his appeal to narrow nationalism, became chancellor of Germany, and that the narrow nationalistic attitude taken by the most powerful country in the world had contributed to the rise of Hitler to power and so ultimately to the second world war. I think it was because of some realization of that that the nations of the world agreed to set up the general agreement on tariffs and trade and to take the attitude that in the future they would try to avoid the mistakes of the thirties.

I can see that as we go into a period of levelling off in economic activity following the great demand for goods which was part of the aftermath of the war there is going to be a demand that we repeat all over again the mistakes that were made in the early

thirties. There is going to be a demand for tariff protection in the various countries of the world and particularly there is going to be a demand for tariff protection with respect to the vast areas of the Far East.

I think it is axiomatic and accepted that if trade does not cross frontiers armies ultimately will, and if we have not learned that lesson from the costly experience of the past it is a most unfortunate thing because surely the attitude of all western governments today should be devoted towards promoting more and more trade which will advance not only the economic well-being of the peoples of the world but contribute to world peace.

One thing I was very sorry to see happen was that when our Prime Minister made his suggestion about diverting trade the United Kingdom government, realizing that no amount of persuasion, no amount of good will or no amount of anything of that sort would necessarily prevail to operate against, and to offset, economic factors, suggested that Canada consider entering into a free trade arrangement with the United Kingdom looking towards ultimate free trade with that country over a period of 12 to 15 years. If the government of Canada had really wanted to promote trade with Great Britain in a way that would be effective, it seems to me they would have immediately said that their attitude was that they thought this proposal was a very constructive one and they would have set up a group whose business it would have been to look into this question with a view to seeing what could be done about it.

When I think of the situation in the Atlantic community today, it reminds me very much of the situation that faced the American colonies before they formed the United States of America. The various colonies had competing interests and the suggestion was that if they went together it would interfere with their individual economic well-being. I think everybody in the house today will admit that if they had taken a narrow attitude and not joined together to ultimately set up the greatest free trade area in the world, the United States would not have had the great development she has had. One great advantage she has had has been that within the United States she has the greatest consuming area of any nation in the world. On the basis of this she has been able to build up the great industrial and economic strength she has today. If the tariff barriers between the various colonies had not been removed by the formation of the United States, I do not think anyone would believe they would have had the development they have had.

Some time ago the North Atlantic Treaty Organization was formed. It was designed to