

system of trade and payments. But this may change and these favourable conditions vanish if advantage of them is not taken for constructive action on a world-wide scale. Throughout the sterling area and in Western Europe it is now better appreciated than at any time since the end of the War that deficit countries have a responsibility to pursue sound domestic measures - sometimes of an unpopular kind - as their contribution toward the establishment of a stable international economy. Over considerable opposition, these views seem now to have gained the ascendancy in all the countries concerned. And, if there is not some convincing evidence before long that the United States is slowly but surely moving towards a more liberal trade policy, it seems to us that the balance of opinion may well be reversed. We in Canada believe that it would be a major defeat for the free world if this opportunity to create a more satisfactory economic system between the nations were lost.

Most of the issues involved are now under discussion in Geneva at the session to review the General Agreement on Tariffs and Trade. From the very beginning the Canadian Government have attached great importance to that international instrument, in the belief that a code of commercial conduct, even an imperfect one, was essential to an orderly system of international trade. We in Canada, like you in the United States, have regretted that exchange difficulties in many parts of the world have prevented the General Agreement from being applied with full strictness and full success. The present review session provides an opportunity, however, to strengthen the Agreement, especially in its crucial balance-of-payments clauses. And the removal or alleviation of exchange difficulties in many countries suggests that an effort of that kind would be timely. Obviously, however, such an effort will not succeed if the United States is, for one reason or another, inhibited from playing a role of effective leadership. The Canadian Government still hope that the United States will be able to join in making the Agreement stronger rather than weaker as an instrument to regulate international trade.

That these discussions in Geneva are taking place in a wide forum and on a multilateral scale seems to us altogether proper. For, although I have stressed the importance to Canada of its trade with the United States, your market, however large and however freely we may be allowed to enter it, can hardly be expected to provide adequate scope for our traders. Some of the commodities we produce in greatest volume - wheat, for example - are traditionally exported to other parts of the world and could never be absorbed in this country. For that practical reason, if for no other, we in Canada are obliged to try to see the problems of trade and investment throughout the free world as a whole and not allow them to be fragmented into a number of regional categories. I need hardly add that in our opinion any global appraisal leads quickly to the conclusion that, if an enduring structural balance is to be created in international trade and payments, the United States must gradually be willing to take more and more imports.