

Economic Nationalism

Remarks for a speech by the Honourable Gerald Regan, Minister of State for International Trade to the Bankers Association for Foreign Trade, San Juan, Puerto Rico, April 13, 1983.

I am pleased to join you here in beautiful and sunny Puerto Rico to talk about the broad and recurring phenomenon of economic nationalism. Bankers and businessmen have some national preferences in relation to how business is carried out. First, they want as little interference as possible from government, Second, they want whatever rules they have to tolerate to be the same throughout their over-all area of operation. Third, they want those rules to be consistent, predictable and not constantly changing.

Unfortunately, these conditions are only attainable to a limited extent within national boundaries. When we venture into the world of international trade and investment, we encounter a jungle of variations in rules, tax schedules, prohibitions and local idiosyncrasies. In many countries today you can add to that problems of credit worthiness.

Despite the myriad of conditions, international trade and investment have grown at a phenomenal rate in the years since the end of World War II with a resulting growth in the standard of living of all involved and the emergence of export markets as a significant factor in the economies of the industrialized world.

The banking industry has served this growth well and has shown an amazing ability to adjust to changing circumstances.

Bankers have realized that in a world of nation states, nationalism in both its political and economic manifestations is inevitable. All countries take steps to protect what they perceive to be their essential economic interests and preserve their political and cultural independence.

The optimum system strictly from the point of view of corporate efficiency would be unfiltered free trade and investment flows without limitation of political boundaries or the incursion of other political factors.

Practical experience shows us that this is impossible to achieve. Whether governments are directly elected or more authoritarian, they share the conviction that their primary responsibility is to the people within their jurisdiction rather than to the international community and, therefore, establish rules and conditions that relate to the needs of that particular country which may be at variance with those that exist elsewhere.