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THE GENEVA TRADE AGREEMENTS

An address by Right Hon. W. L. Mackenzie King,
Prime Minister of Canada, over the C. B. C.
network, November 17, 1947

Tomorrow morning's newspapers will contain two statements of Government policy which will be of major concern to every Canadian. You will read about the successful conclusion of a wide series of Trade Agreements vitally affecting the future developments of our agriculture, our mines, our fisheries, our forest products and our manufacturing industries. At the same time, you will read of severe emergency measures temporarily to restrict expenditure abroad which the Government will ask Parliament to approve when it reassembles on December 5th.

Speaking from London tonight, having just returned to the United Kingdom from France, Belgium and Holland, there are some things I can say to my fellow Canadians that will, I hope, help all of us the better to realize both the strength and the vulnerability of our national position in a world terribly weakened and impoverished by six years of war and destruction.

What Canada is obliged to do today to meet an emergency, and what our country must strive continuously to do to carry out its long term policies, will seem to many to be in contradiction, the one with the other. This contradiction, now brought home to Canada, is confronting, in some degree, nearly every country in the world.

You will read, with mixed feeling, the news in tomorrow morning's papers. You will be greatly pleased to learn of the vastly enlarged opportunities for Canadian trade. You will be disappointed to learn of the necessity for immediate though temporary restrictions to prevent a too rapid depletion of our reserves of United States dollars. The press will contain full details of the results of the difficult and protracted commercial negotiations which culminated in the signing in Geneva on October 30th, of the General Agreement on Tariffs and Trade. This is the widest measure of agreement for the freeing of world trade that the nations have ever achieved. Canada has joined with other nations of the British Commonwealth, with the United States, and with many countries of Europe and Latin America, in this great effort to promote peace by prosperity and economic co-operation. The Agreement clearly charts our long-run course. It confirms, on a world scale, the objectives towards which our country's trade policies have been steadily directed, at least for so long as it has been my privilege to be associated with their guidance. The new Agreement contains a firm promise of real reciprocity in tariff reductions. It paves the way for full international co-operation in maintaining high levels of employment and expanding economic activity. It

opens up to Canadian exports a larger and more equal access to the markets of the world than they have ever enjoyed. By virtue of these larger export opportunities, it will permit us, as a country, to concentrate our efforts on the production of those things that we can best produce or manufacture, and so secure the highest level of real national prosperity.

At the very moment when the goal towards which we have worked over the years is at last coming in sight, we are unfortunately compelled to take a sharp detour over what I fear we shall find to be rough and difficult ground. This action is rendered necessary by the facts of our balance of payments position, of which the Minister of Finance is going to speak to you in greater detail later this evening.

Precisely because we are compelled, in the short-run, to take measures which cut directly across our fundamental trade policies, it is especially important that we keep these policies directed towards the long-range objectives of the General Agreement on Tariffs and Trade. As a nation, our stake and interest lie in the fullest co-operation with like-minded countries in a programme of freer and ever expanding trade. But to play our part properly in this great forward movement, we must be able to stand on our own feet, carry our own burdens, and pay our debts as they fall due.

Canada is one of the few great producing countries with capacities unimpaired by the war. Mindful of our responsibilities and interests in the world in which we live, we have striven to take our just and proper part in the work of world reconstruction. In this great effort we have not hesitated to go just as far as our resources would permit. Certainly in the years since the war, Canada, in its own interest and the world interest, has made a great effort to carry into the peace the principle of mutual aid under which we waged war, and without which the great work of recovery cannot be accomplished. But before we can go forward again, we must bring into balance our earnings and requirements of United States dollars. To do this we shall have to deprive ourselves of some things which for the time being we cannot afford. How it is proposed to meet the immediate needs of the short-term situation will be explained to you tonight by the Minister of Finance. The proposals will be developed in detail when Parliament reassembles.

The long-run programme, to which I have referred, is that set forth in the draft Charter for the International Trade Organization, and in the General Agreement on Tariffs and Trade, supported by other positive measures about which the Minister of Finance will also speak tonight.

I can think of no recent event more encouraging for the future than the successful conclusion of the General Agreement. Since the war, we have witnessed too many failures of efforts to achieve international co-operation for the betterment of mankind. In the General Agreement there are incorporated the results of the most comprehensive, significant and far-reaching negotiations ever undertaken in the history of world trade. Throughout the past summer the conception of tariff negotiations on so vast a scale seemed to many to be too ambitious for practical accomplishment. Out of a total of one hundred and twenty-seven separate negotiations commenced at Geneva, one hundred and twenty-three were concluded successfully. The representatives of each of the twenty-three Governments participating in the negotiations signed the Final Act on October 30th.

The conclusion of this multilateral trade agreement is a happy augury for the success of the United Nations Conference on Trade and Employment which is convening in Havana, Cuba, on Friday next. I hope the success achieved at Geneva may be carried still further at Havana.

For Canada the conclusion of the General Agreement is of particular importance. Nearly a third of our national income is derived from external trade. We stand to gain much from the re-establishment of multilateral trade on a broad basis. The alternative to multilateral trade is bilateralism and barter deals. Canada would be one of the heaviest losers from the contraction of world trade which would follow from the general adoption of a policy of special deals between pairs of countries.

We have been glad to co-operate with the other participating countries in making a success of the Geneva negotiations. I do not regard the outcome as a victory for the special point of view of any one of these countries. The General Agreement is the result of a genuine co-operative effort in which each country made concessions for the good of all, and gained advantages which will benefit also the other countries. This is inherent in the multilateral approach. It is this that makes the success of the Geneva negotiations so encouraging for the future of international co-operation.

In one important particular our trade relations with the United Kingdom have been placed upon a new basis. The new basis is embodied in letters exchanged on October 30th. While continuing to accord to each other the preferences remaining after the conclusion of the General Agreement, both Canada and the United Kingdom recognize the right of the other to reduce or eliminate such preferences. At the same time, favourable tariff treatment for the products of each country imported into the other is assured by the understanding that in respect of products enumerated in the appropriate schedules to the general agreement the rates of duty in force in both countries shall not be increased above the level in force before the war.

In initiating preferences fifty years ago, the Canadian Government of that day had in mind the voluntary granting of tariff preferences to one another by the different parts of the British Commonwealth of Nations. It was not intended that there should grow up a system which would prejudice the maintenance of friendly relations with other countries. On the contrary what was envisaged was a system whereby trade would be increased among British countries, full opportunity being afforded at the same time for the expansion of their trade with other countries.

If Canada is to play its part in furthering the objectives of the International Trade Organization, it is important that the Canadian Government should have freedom to determine the extent to which it shall maintain preferential arrangements while carrying out its obligations under the Charter. We do not consider that a system under which the power to reduce the Canadian tariff may be dependent upon the consent of other Governments is consistent either with the spirit in which preferences were originally extended by the Canadian Government, or with those principles upon which continuing co-operation in economic matters can be carried on between the countries of the British Commonwealth.

The outlines for the long-range plan to expand trade have been clearly drawn by the various agreements concluded in Geneva. They will be supplemented by further positive measures. Equally clear is the need of adjustments to meet a temporary situation.

What in a word I should like to say tonight to the people of Canada concerning these two matters is simply this.

At all times and at all costs we must keep our real and long-run objectives constantly in sight. We must meet the requirements of the short-run situation courageously, competently and with confidence, accepting emergency measures for what they are - drastic but temporary adjustments. By making sure that the emergency measures we have to take are not permitted to hamper or distort our long-run objectives, we shall, by the enlarged opportunities for world trade made public today, be greatly furthering our country's growth and development. It is to wider horizons that Canada must ever look.