

The Address—Mr. Pearson

any other country in the world. I am referring to trade and unemployment. I have neither the desire nor the intention to exaggerate the seriousness of the economic recession; the facts are present for all to see, and each of us can draw his own conclusions from those facts. I well know, as I believe most members of the government know, that confidence is a vital element in the successful functioning of our complex economic system, and that such confidence can be destroyed or certainly easily weakened by irresponsible words, and even more seriously weakened by an irresponsible attitude.

In my opinion even more harmful would be a head in the sand attitude, a refusal to recognize the facts in the hope that they will go away. A realistic attitude and a realistic acceptance of the situation based on the facts as they are, not as we would like them to be, are essential as a starting point to any improvement. There is therefore no justification whatsoever in any charge or reproach of doom and gloom-mongering being thrown at those who talk about the facts. Such discussion is an essential prelude to doing something about the harsh realities of the present which, if they are not corrected, will dim the vision of the nation's future which we all share.

One thing is clear, that notwithstanding some of the optimistic adjectives used in the election campaign the recession is still with us. The economists and the politicians may debate whether and how much it is easing and how soon it will disappear; we are told that the recession has "levelled off" or, if I may use a new and somewhat discouraging expression, that it has "bottomed off". Well, even if this qualified optimism were justified, what are the steps being taken not to keep on the level but to improve the situation so that we can go up? We cannot get very much comfort in merely bumping along the bottom, even if we are not going down any further.

It seems clear to me furthermore that our difficulties have international as well as national implications, and we will certainly not surmount those difficulties without a flourishing and healthy external trade. It is therefore perhaps well to remind ourselves that trade across the border is especially important in this regard, and these are the facts which must be faced in order that our present recovery can be ensured. As a factor in recovery from the present recession, trade with the United States is exceeded in importance only by, as it is largely influenced by, the domestic economic situation inside that country. When we talk about salvation from the economic dominance of any other

country, of national control and independence—about which there is no division of opinion in this house or, I think, in this country—it is still chastening to realize that even if our policies here should be wise, vigorous and far-sighted, we cannot isolate ourselves from our neighbour's economic decisions or economic fortunes. We can and we should of course cushion ourselves in every way possible against shocks from the south, but there is no way in which we can escape the fact of these shocks and we do not need any special detecting apparatus to discover them.

We must naturally protect our interests when they are prejudiced by United States policy. We must, for instance, make it quite clear that the United States cannot expect full and complete co-operation in continental defence, which is desirable, if she treats us unfairly in her tariff and trade policies. But at the same time we must do everything we possibly and honourably can, to avoid economic conflict with the United States, which conflict would be bad for both countries and certainly disastrous for us.

I read an editorial in a local paper a few days ago which carried this headline: "Canada Must Determine her Own Economic Future". A headline of that kind merely ignores the hard fact that no country in the world today, let alone Canada, can alone determine its economic future; and the sober realization of that fact is essential to the formulation of a wise Canadian international economic policy. Somehow we must reconcile its necessity with that vigorous, vibrant and proud nationalism which I believe will remain the mainspring of our country's growth.

Having regard, therefore, to the importance of these external trade factors, let us look at the trade and employment picture. The Prime Minister more than once during the election campaign referred to external trade. He is reported, for instance, as having said in Cornwall on February 24 and again in London on March 7, and I quote from the press report:

Our exports—

He was talking about our exports to the United States.

—went down and our imports increased when the Liberals were in.

Let us look at the facts. In 1936, which was the first full year of Liberal administration, our exports to the United States were \$333.9 million; in 1950 they had risen to \$2,050 million and in 1956, the last full year in which the Liberal administration was in office, they had increased to \$2,879 million.