

to generalize. People will try to do it. What effect it will have is another question.

Senator Cameron: As far as *Time* is concerned, we hardly exist.

My second question arises out of Senator Carter's question to which you replied—and I am paraphrasing your reply—that we were not doing too badly as hewers of wood and drawers of water for the United States. I may have taken too simplistic an interpretation of your reply. You said it had become quite profitable for us. That is quite true at the present time, and here I find myself in an ambivalent position, because I come from Alberta which has been looked upon for many years down here as a sort of adjunct of Texas.

The Deputy Chairman: Sheiks!

Senator Cameron: That is where my ambivalence comes in. We are now being looked upon as the shiekdom of Alberta, so I am in a very difficult position. Like Senator van Roggen's province, my province is a rich one with tremendous resources.

As I say, your reply to Senator Carter's question that we were not doing too badly as hewers of wood and drawers of water for the United States is quite true, but what happens if the multinational corporations, because of United States policies, decide to close down some plants in Canada, thereby throwing people out of work? This creates tension as far as the government is concerned. For example, Senator Carter made mention of the Michelin project. The Americans said that this was, in effect, dumping by Canadians.

I am curious as to how you rationalize the fact that the exporting of our resources at the present time is a profitable venture with the implicit danger that, unless we control these resources and the labour necessary to operate them, we would be put in a very difficult position in terms of employment.

Mr. Diebold: I did not mean to say that you should not control them. I apologize for not having made myself clear about that. It seems to me that if you find it economic to develop processing and manufacturing industries in addition to the resources, then that is the way it will be. You ask what would happen if an American company closed down a plant, perhaps to do something some place else. Suppose it were a Canadian company? There must be a reason for closing down. If it is because a plant no longer pays, this is often an awkward social problem. A society must have a way of coping with such issues. Maybe the plant should go on operating, but if we were to suspend the bankruptcy laws I do not think we would get much economic progress after about ten years. There has to be change or the economy does not work.

However, if the change were in response to the kind of thing I tried to characterize when I spoke of an American company closing down a plant in Canada instead of one in the United States, not for business reasons but because it was under some sort of pressure, maybe from the government, maybe from a union, then I think you have to counter that pressure by your own pressure. That could be part of the terms on which you let them in. You might say, "If you are going to close

down you must give people this kind of notice, so much severance pay, and so on." The problem is, of course, the familiar one. If the terms are too stiff at the beginning investors will not come in.

Senator Laird: Due to the lateness of the hour, I will confine myself to one question.

Last week, in response to a question about the auto pact, Mr. Sharp made the rather startling statement that he thought we should never negotiate a trade arrangement for one product only, but presumably for several products at a time. This was startling enough to make the headlines, I noticed, in the *Toronto Star*. Obviously he had in mind that if you make a trade arrangement on one product, you get pressure from that group that is hard to resist, and we are not in an equal position with the United States; therefore, our objective should be to negotiate for several products.

My question is simply this: What would be the reaction of American officialdom, and also the American public, to an attempt so to do?

Mr. Diebold: To negotiate about several products at once?

Senator Laird: Yes.

Mr. Diebold: Obviously the first question would be what combination. There must be some rationale for putting them together rather than having just one. I do not know what Mr. Sharp had in mind. As you know, part of the problem in the auto pact is whether it covers enough products. What about used cars, replacement parts and tires? Defining a product or an industry is a problem too. Let us say he had the kind of general thought you have in mind, that bargaining about one industry is too concentrated. Many people I know who have experience in international trade negotiations greatly prefer to have several different things to deal with at the same time. Then the balance which is necessary, the perceived balance of advantage to two sides, does not have to come in one thing. You want this, I want that, and so we can trade. I do not know whether that is what Mr. Sharp had in mind. But if so I see no problem. Of course, if you come in with four products in which free trade is to the advantage only of Canada and all the adjustment is on the American side, you are going to end up with eight products or no products, I guess.

Apart from that, I think some clearer view of the ultimate shape of the automobile agreement is probably necessary before you can expect any positive response in the United States to any product or industry approach. I do not want to embark on a detailed discussion, I feel there has been much exaggeration of the issues, but there is no doubt that the auto pact is something less than a perfect instrument. Therefore let us clear that one up before we get into too many others.

There is a lot of interest in the industry by industry approach to trade negotiations more generally, than just with Canada. Sometimes the approach is ambiguous. The trade bill, when it went through the House of Representatives was in some ways improved over the Administration's bill, and in some ways, not. One new element introduced was the concept that in negotiating about non-tariff barriers, there must be sector-by-sector