

men. Just because resource products are less labour intensive than manufacturing does not mean that any time we move from manufacturing to resource production we must have unemployment. There are lots of other things that people can do, and one of the factors in all economies is that manufacturing has become less and less important compared with other things. I have a colleague in England who has a very old-fashioned idea about this kind of thing because he seems to feel that manufacturing is the great thing and everything else is dross and second-rate stuff.

Look at Canada, for example. Canada is highly competitive in the international banking business, and for the same sort of reason that the British are—we have a lot of Scots in the country. Scots make very good bankers.

The Chairman: Grandsons of Scots!

Dr. Johnson: The Canadian banking system is a home for Scots people. We are very good at banking; we have overseas banking operations, and we have been active all the time in the Euro-dollar market, and things like that. Our people are very good at that. That is something that they can do and they can survive until the world ends. There are other activities we do pretty well also and to summarize our problem in terms of, "Well, we must have jobs in manufacturing", is wrong. If you think about manufacturing it is one of the worst ways a human being can support himself. Almost every other kind of job you can think of requires people to use their intelligence and to think about things, and not simply to use their muscles to turn screws and so on. To go on doing that year after year is soul-destroying and that is what makes people old—doing the same thing all the time and never having to think and never being allowed to think. Many other activities are much more promising in terms of developing good citizenship, intelligent people, alert people, active people. Those are things which we could do, I would expect, if we exported more resource products and did less manufacturing. We would find that the results would be beneficial to the Canadian citizenship in the sense that our people would still manufacture but they might manufacture more interesting things.

Senator Lapointe: Dr. Johnson, do you think we should sell our resource products at higher prices?

Dr. Johnson: Well, as an economist I cannot really say that we should have a higher price or a lower price. Obviously a higher price is better than a lower price, everything else being the same. What I am saying is that, subject to a lot of problems involved in deciding when we should use our resources and what is the optimal time to use them, there is nothing wrong with exporting resources and using the money to create a better Canada. We must not get in the position of saying we must not export resource products at a profit. I will not use the steel industry as an example because Canadian steel is pretty good these days. There are other industries, such as furniture, at which we are very inefficient, and it seems to me it would be stupid to say we must not export resource products because then we would import furniture and lose the glories of having a Canadian furniture industry. There are lots of other things Canadians can make and do besides furniture making, which they might well

be happier doing than simply turning out poor imitations of English chairs and tables.

The problem I have as an economist, and that all economists have, is that everybody wants to think in terms of yes or no, black or white. Our problem is to recognize that it is never a question of black or white, all manufacturing or no manufacturing, all oil or no oil. It is a question of how much, what shade of grey is the best one. As soon as you start thinking about black or white, either I tell you grey is a colour that exists and is useful or else I am going to have to throw up my hands and say, "If you put the question that way I haven't got an answer to it."

The Chairman: Let me ask you a supplementary question that perhaps is in the grey area. We had Dr. Arthur Smith here last night, and one of the things we talked about was relative productivity between Canada and the United States. He made the point quite strongly that there was a disparity between the two sets of workers, and he saw no real prospect of it improving. Carrying through the rationale of your argument that free trade is perhaps the optimal situation, it seems to me that that clearly puts us at a disadvantage. That is the first point.

The second point is that the automobile agreement and the longer runs achieved therein certainly achieved the rationalization of an industry.

My question is: Given perhaps this factual disparity in productivity per worker between the two countries, and also the fact that there are not many other areas where long runs seem available, where rationalization seems available, do you see any other areas, such as the automobile area, with which you have indicated you disagree?

Dr. Johnson: I was brought up on this kind of thing, and I have followed it fairly closely, but I am beginning to have some doubts whether the conception of the problem and the way of thinking about it is the right one. I have been particularly impressed by some work done on differences between people who live in large cities and those who live in small towns. If you live in a large city there is almost nothing you can have without money, so you have to work. In cities like New York you find people holding two or three jobs and working very long hours, getting around the usual limitations of how many hours you can work at a particular job by having several jobs. The reason is that everything they consume involves spending money. In a small town you can do pretty well without too much money, because you can walk around outside, enjoy nature, hunt, fish, bask in the sun and so on. You can live fairly cheaply and you do not have to do that much work.

I think part of that is an explanation underlying the Canadian and American difference. We are accustomed to having a fair amount of time, spending a fair amount of time with nature, not consuming, and therefore not having to make money. That shows up in, among other things, labour practices. You could spend every single minute working, like the man in the Charlie Chaplin movie, turning screws, having the food come at him with mechanical arms to hold it at his mouth while he turns the screws, you can be much more efficient that way, but is that necessarily the way you want to live? From that