

mental awareness has already proven a spur to welcoming new technologies and processes.⁹ Many Canadian and US companies have been among those in the forefront in developing new products and processes that respect the fragile interaction between man and nature.

Trade and Economic Prosperity

While there does not appear to be much evidence to support the proposition that economic growth leads to long-term deterioration of the environment, there is a great deal of evidence to suggest that trade leads to economic growth. Indeed, the positive relationship between trade and economic growth is one of the oldest and most established concepts in economic theory.

Canada and the United States are prosperous countries in part because of their historically strong trade performance. Success in buying and selling on world markets has made each country a major contributor to and beneficiary of the global economy. Since the Second World War, the progressive liberalization of markets has encouraged the two economies to adjust and become more integrated into the world economy. This has allowed producers in both countries to specialize in what they do best and to let consumers buy their other requirements more cheaply from abroad. As a result, incomes in both countries have grown steadily.

Most of us are prepared to accept that exports are an important contributor to our economic well-being. We are less familiar with the importance of imports in giving us the high standard of living we all take for granted. We import in order to obtain more final and intermediate products at lower prices than we would be able to produce such products for ourselves. As a result, we are able to devote the capital, technology, and people which would otherwise be used to produce the goods and services we now import to do the things we do best. Imports help to keep firms competitive and provide both firms and individuals with the latest products and technologies, including those aimed at improving the environment. Our ability to buy a wide range of competitively priced foreign products with the proceeds of our exports has left us with more money to do other things – money to serve both personal and national needs, including protection of the environment.

Trade policies that promote the most efficient use of scarce resources on an international basis will stimulate economic growth on a global basis. Trade policies that restrict access to markets and encourage the uneconomic exploitation of re-

⁹ Michael Porter in *Canada at the Crossroads: The Reality of a New Competitive Environment* (Ottawa: Business Council on National Issues, 1991), pp. 92-95 points out that the more stringent regulatory requirements, including tougher environmental standards, faced by Scandinavian forest products companies, was a key ingredient in making them more innovative and more competitive than their Canadian counterparts.