

and provincial governments and municipal governments borrowed in New York and spent that money to buy American goods, mostly equipment to expand our industrial organization and to build roads and other forms of national capital.

Since the end of the war we have tended to maintain a very high level of imports from the United States. And, as before the war, our high level of imports has been in part a result of the substantial American investment in Canada, though of course, even if there was little American investment in Canada, an expansion of our industry on a scale comparable with our post-war growth would inevitably mean a high level of imports from the United States. Some of our more experienced pessimists in Canada get pretty excited about the tendency of Canadians to buy American goods. Well, when incomes are high in Canada, when times are good, a lot of Canadians want to spend their extra money on American goods. In that respect we are like a lot of people in other parts of the world. And, when our industry is expanding, a considerable proportion of our capital equipment has to be purchased here. There would be widespread dissatisfaction in Canada at any attempt to artificially restrict the purchase of American goods. Indeed, our experience with artificial restrictions like direct controls during and after the war is that while they are sometimes unavoidable as stop-gap measures they produce many inequities and many protests. They are not a good way of carrying on a regular business.

That brings me around to that very well-worked-over subject -- freeing trade.

As I have emphasized, in recent Canadian economic policy we have tended to rely upon the price system working for us rather than our working against it. We have abandoned trade and currency controls imposed during and after the war. We have, through the mechanism of the General Agreement on Tariffs and Trade, signed agreements with thirty-four countries reducing their tariffs on the entry of Canadian goods and reducing our tariffs on their goods. We have followed a consistent policy of freeing trade. Like any other "high trade" nation we can only maintain a high standard of living if there is a high and stable level of multilateral trade.

On the matter of tariffs, I am on the firing line, so to speak. I am the minister most directly responsible for tariff changes, and I know how forcefully the argument can be made by the representatives of some particular industry that the tariff ought to be raised. However, when you hear a demand for high tariff protection, it is pretty hard to escape the conclusion either that tariffs are being sought as a substitute for real competitive endeavour, or that resources and men are being employed in the wrong industry. The only thing you can set against that clamour for tariff protection or some other kind of protective restriction upon trade is the general interest we all have as consumers and citizens. Sometimes I think that if the consumers of our countries were more powerfully organized, as consumers, they would soon become a pretty powerful anti-restriction lobby.

I think we have to face up to the fact that if we want to have a higher level of world trade, and a more