

al, we could not afford to take a chance on the future by having total free trade. Because of our highly paid labour force and our high standard of living, we do not compare favourably with other nations with respect to cost of production. In spite of the fact that we have the second lowest inflation rate in the world, other nations, because of cheap labour, can produce the same quality merchandise for much less.

To cite just one example, when some of the tariff barriers in relation to textiles were removed, some of our department stores sent their representatives to other countries with garment patterns, particularly shirt patterns, and in each and every instance, according to the reports I have received, they were able to obtain the garments at less cost abroad. This happened to the extent that our manufacturers became importers.

I hope that answers your question.

Senator van Roggen: May I be permitted a question? I quite understand your concern about total free trade if by the word "total" you mean free trade by Canada with all nations of the world, because the wage scales in the Third World, as you quite properly pointed out, would make it impossible for the textile industry, for one, to exist in Canada. I did not read the report of the Economic Council as suggesting we should have worldwide free trade. It recommended a series of possibilities relative to Europe and Japan, and a third possibility of Canada-United States free trade.

Do you equally reject the idea of a phased free trade arrangement with the United States, which has wage scales and cost factors equivalent to Canada's, when the argument of the Economic Council is that this would give us the economies of scale to enable our industrial sector to grow to the size that would enable it to be competitive in the world's markets?

Senator Desruisseaux: If I may deal, first of all, with the report of the Economic Council, unless I have misinterpreted it I think it does recommend Canada's going to free trade. The Economic Council did not say it wanted the subject opened up for study. I think what the chairman said in relation to it indicates that he is in favour of it. That is not to say that he is really fighting for it. He wants it debated, and I believe a debate on the pros and cons of total free trade would be good for Canada.

In 1911, Sir Wilfrid Laurier introduced the subject of reciprocal trade treaties with the United States as a solution, and he was defeated because of it. Those were not free trade treaties; they were reciprocal trade treaties, which meant that both countries would allow certain commodities to cross the border free of tariffs. The fear at that time, of course, was that Canada's industries would be unprotected. Personally, I advocate such treaties as a solution, provided they do not adversely affect individual industries of either country. I think such a solution would be good for Canada because of its comparatively smaller market.

I hope I have answered all aspects of your question.

Senator van Roggen: You certainly have answered my question in part. I will not pursue the balance of it at this point.

Senator Fournier (de Lanaudière): If the honourable senator will permit me a comment, what he said in relation to the defeat of Sir Wilfrid Laurier in 1911 was no doubt the case in the English-speaking provinces. The Tories there were pleading, "No trade with the Yankees." In Quebec they were preaching something else, about dreadnoughts and the war; they were exploiting the nationalists, the feeling of the French-Canadians in Quebec. In the other house they were talking against the Americans, and in Quebec they were talking in favour of the Americans. That was the policy of the Tories during all that time, and we have to watch them even today.

● (2110)

Senator Desruisseaux: I am wondering if I am being asked a question. I should like to correct a view that has been expressed.

Senator Fournier (de Lanaudière): It was just a remark; it was not a question.

Senator Desruisseaux: May I make an observation on this point?

Senator Fournier (de Lanaudière): Of course.

Senator Desruisseaux: Senator Fournier mentioned Sir Wilfrid Laurier's policy at that time. I do not want to go into that in any depth, because I do not believe the problem was understood in Canada. Many books have been written on it. It is agreed that the different views should have been explored at greater length, but no answer is given.

On motion of Senator Petten, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.