our lines of communication with the United States are very close and very effective. Advertising of American products make us familiar with them in this country. If you look at the Bank of Canada statistics I think you will see that the big import deficit with the United States is in capital goods rather than in consumer goods. That is to say, the large American companies in their search for natural resources have been coming to this country either by way of setting up their own subsidiary corporations or by investing in Canadian corporations and have exported vast capital sums, for example, in the development of the oil industry in the west and in the development of the iron ore industry in Labrador and in Quebec. Capital goods will follow capital investment and it also follows that where you have United States engineers who are familiar with United States industrial equipment needed in the development of those natural resources they obviously will try to spend their money first in this country and, failing that, they will go to the sources of supply which they know.

The world needs our resources and this in turn gives rise to the import flow of capital goods. There is, however, a natural diversion of capital goods which could be brought about by Great Britain. If Great Britain would free more funds for investment in this country, if Great Britain would buy operating factories in Canada as, for example, the A. V. Roe Company did, or if Great Britain would build new factories in this country, it would follow that capital goods and even to a certain extent consumer goods would flow into this country and bring in their train considerable imports from the United Kingdom.

I may be slightly old-fashioned but it seems to me that the onus to sell is on the seller and not on the buyer. Our big deficit with the United States and our surplus with the United Kingdom are a natural development of our free business economy, relatively speaking, free of controls, free of government interference and free of foreign exchange control. In order to try to do something to this free development of trade the government will have to play with or change the rules, such as increasing tariffs and bringing in restrictions, and that is why I have been trying to discuss this problem in a very real way in order to get some explanation now or later from the Minister of Trade and Commerce.

The question arises, why do we have to go to Great Britain? Why can Great Britain not come to us? What will be the effect on local industry, textiles, woollens, and secondary manufacturers? Down our way businessmen and labourers are considerably disturbed by this whole project. In proof of this—although it does not come from the Montreal district—I refer the committee to the Toronto *Daily Star* of November 29, 1957 in which is recorded an interview given by V. W. Scully, president of Stelco. He said in part:

"In tinplate and sheet generally, the Canadian mills have equipped themselves to meet the Canadian market situation", said V. W. Scully, president of Stelco.

"At the present time we have more than adequate capacity and we cannot see how our economic position is going to be helped if it is going to become more and more difficult to employ that capacity."

Mr. F. A. Sherman, chairman of Dofasco's board, said:

"We fail to understand how Ottawa could agree to cause more unemployment by importing tinplate which already is in excess supply."

In Cardiff, Wales, yesterday, Hon. Gordon Churchill, Canadian Minister of Trade and Commerce, said Canada is a definite market for British steel and tinplate.

I ask again why should the buyer have to do the selling? We know that the whole pattern of Canadian trade is a natural pattern springing out of a multitude of hundreds of individual business decisions. If we alter this natural pattern we will be setting up new stresses and strains.

While it may be possible, by interference, to shift 15 per cent of the trade from the United States to the United Kingdom, in the long run we may lessen the over-all trade. This, Mr. Chairman, is a comparatively free economy and we have got used to this type of economy. To try arbitrarily to change the whole complexity of the trade flow could result in great damage. It could very easily result in a lessening, not in an increasing, of our over-all trade.

Mr. Harkness: Mr. Chairman, I should like to make one or two brief remarks in view of the statement made by the right hon. member for Melville in regard to the duty on cattle going into the United States. I do this so that there will be no further ambiguity in connection with this matter which has been considerably confused in the minds of cattle producers and in regard to which the situation has been somewhat ambiguous over the past two or three weeks. I cleared up the situation here on Monday of this week, I think, but since that time there has been a further change to which I should like to refer.

The United States government has announced that commencing December 4 United States customs collectors will require a $2\frac{1}{2}$ cents per pound duty on imported cattle weighing over 700 pounds per head. This is an increase of one cent per pound over the