

refinery products from the United States to the value of \$130 millions, while its exports to the United States amounted to only \$7 millions. With the great growth of the Canadian oil industry, it is apparent that, if export markets are to be restricted, Canadian oil products will be utilized in Canada at a more rapid rate than would otherwise be the case. Whether that would be in the interest of United States producers is not for me to say. But it seems hardly likely.

These various restrictive proposals have been advanced on the grounds that they are necessary for national defence. Here again we have difficulty in seeing the logic behind what has been proposed. If the United States should decide that its defence interests required that imports of crude oil from countries overseas should be restricted, it might be difficult for anyone outside the United States to question such a conclusion. This thesis would certainly not be valid, however, if applied to imports from Canada. Construction of the Trans-Mountain Pipeline, for example, and of additional refinery capacity in the State of Washington was supported by the United States Navy, presumably because the only alternative way of bringing crude oil to ports in the Pacific Northwest would be by tankers, so vulnerable in wartime.

More generally, it seems to us that these proposals overlook the fact that year by year the defence perimeter of the United States lies farther and farther north - in Canada. Already there are three radar lines, either built or projected in Canada as part of a comprehensive joint system to provide early warning for the defence of our two countries. One runs through the thickly settled part of Canada. A "mid-Canada" line is being strung roughly along the 53rd parallel. And a third line is being constructed in the Arctic across the most northerly practicable part of North America. It is our hope that the existence of those three defence perimeters and the joint defence interests of our two countries to which they testify, will have increasing influence on policy formulation in the United States whenever the argument is heard that strategic considerations require some departure from liberal principles of international trade.

For there is another defence perimeter of a more wavering and nebulous sort to which I should finally like to invite your attention. It runs through the capitals of all the countries in the free world. To remain free, they know they must be economically strong. That will be possible only if the rest of the world can sell as much to the United States as it buys. For that reason your trade policy is watched throughout the free world with constant attention and not infrequent anxiety. Indeed, the trade front may be regarded as a particularly sensitive early-warning system from which other countries draw important inferences about the kind of world they may expect. Ultimately, it is as important, I would suggest, for the defence of the United States as the perimeter now being built in the far north in Canada.