

make up the recent losses in our international trade balances. There is no place for adventure in good economic policies. I believe the adoption of a purist free trade policy will not provide the needed good results in Canada. Indeed, it would make these quite impossible to attain.

Along with many others, I do not believe that secondary industry can develop freely enough and in the most effective direction if it has to exist, as has been said, only as an extension of the economy of the nineteenth century or as a mere adjunct to our primary industry or as an appendage of our newer, expanding, but less-developed service industry. We must be fully assured that no free trade arrangements will tend to lead to the destruction of some of our secondary industries, especially in certain highly vulnerable sectors; indeed, we must see to it that this does not happen.

The secondary manufacturing industries, when producing at high capacity, create important economic values with only modest material resources. They nevertheless make an important contribution to the growth of the GNP and the nation's productivity, which make the nation competitive and progressive. It must be acknowledged that it also contributes to the higher standard of living of its citizens.

● (2040)

Canada, young as it is in its development and beset as it is by a highly competitive world, cannot, in my opinion, afford far-reaching overt risks, or consequential adventurous chances of economic stagnancy or curtailments of the country's production, which provides our real growth and true employment. In the last two years we have witnessed the results of a relaxation of import controls, and what that has really accomplished for us. I repeat again that in my own province this general relaxation of import control has killed the glove industry, mortally wounded the shoe industry, caused the closing or the stagnation of many segments of the textile industry and the glass industry, and caused considerable instability and insecurity to occur in some of our other secondary manufacturing industries. It has made import licensees out of many of our manufacturers, generally reduced employment and helped create industrial instability.

Total free trade is now being promoted here in the hope of assuring a beneficial expansion of our international trade. There is much caution to be exercised when it means, as it does, the endangering or the disappearance of a number of our staple industries which have given us a considerable percentage of our employment and our gross national product. There is much caution to be used when there is an uneven situation between, on the one hand, Canada, which has a high standard of living—even though it has fallen from third to seventh place among the nations—maintains some of the most socialized protective policies in the world for its people, and bears a high cost in fighting extreme climatic conditions for a good part of the year, and, on the other hand, those nations with which we are trading. Those nations generally have a much lower standard of living, no social tax drain on their economies, and no need to assume the costs imposed by weather extremes. They can provide their industries with an abundance of cheap labour that does not require to be paid for leisure time, does not need full protection and fringe ben-

efits, and is content with less than average purchasing power because its immediate needs are not great.

We are not really playing the same kind of ball game with these countries as they are playing with us. I am stunned by the recommendation of absolute free trade for Canada. Only disadvantage to Canada can come out of it. In my opinion, there is no practical possibility of advantageous absolute free trade for Canada under present circumstances. It would cost Canada many of its industries which give employment to hundreds of thousands of its people. It would quickly drain our economy for the benefit of the countries with which we are dealing. The final results for Canada would be somewhat uneven and disadvantageous to Canada because of the economic inequality of the nations with which we deal. Indeed, we would simply export much less than we would import.

I agree, however, that it would not be the same if real reciprocity were arranged only in chosen favourable sectors of the economy, and if there were reciprocity within a bloc of nations which would deal more evenly because of their respective balanced purchasing powers, and where arrangements for exchange could be made in areas where a nation was at a greater disadvantage, or where a particular industry would suffer unfavourably.

In its trading and dealing with other nations, Canada must of necessity assume the position of helping its industry—its greatest employer—whenever it is necessary to avoid domestic economic stagnation, instead of applying the absolute free trade rule. In my opinion, honourable senators, we would be better served by aiding the expansion of our foreign trade with intelligent treaties of true reciprocity in the non-sensitive areas, where mutual reciprocal advantages exist and where possibilities of trade damage remain minimal. Imperfect as they have been—and except in a few known areas affecting some of our secondary industries—GATT arrangements have otherwise generally served Canada quite advantageously. We should not sacrifice or injure whole sectors of our secondary industry for some passing, questionable or risky trade advantages. These, as we have learned, never pay off as they should, and only help to worsen our unfavourable trade balances.

You may infer that I am not in agreement with the reasoning of the Economic Council of Canada as to the good which total free trade would do for Canada. There is no proof, no assurance, that it will be good for Canada. I find there are only theoretical unproven affirmations in that regard, which should not be tested by Canada.

A few months ago, Ronald McPherson, a Toronto consultant on business economics, said that "free trade could create more problems for Canada's economy than it could solve."

● (2050)

This was proven through history whenever and wherever the free trade formula was tried. Total free trade would place Canada's secondary industry in the worst possible economic position, from where it would be hard to recover at a time when four or five of its important sectors are having major difficulties because of Canada's generous import allowances.