

of trade and to create a high-cost economy in Canada through raising tariff barriers, introducing import restrictions or through paying subsidies. Canadian prosperity depends on an increasing volume of trade, and we will do all we can to achieve this in concert - we hope - with the other free nations.

What, in essence, we in Canada are saying to our domestic industries is:

That we believe in the working of the open market;
That a country can best develop a strong and resilient economy if the market regulates the use of resources and the government refrains from interfering with market forces just as far as it can;
That a country is perhaps best served if it is left to the sound judgment of businessmen to determine what resources are used, when, where and how.

Now we know that most Americans also subscribe to these basic premises of a private enterprise economy. But does this sound philosophy of yours need to stop at your borders?

Why The Free World Must Strive for Continuing Efficiency In Using Its Resources

You may ask this question: If the American public is willing to pay higher prices by buying higher cost raw materials from marginal or sub-marginal suppliers at home so as not to displace some workers' jobs and disturb some operators' profits, why worry about it? If this were solely an American problem, I would readily concede the point, for Americans know best what is good for their country. Your economy is wealthy and big enough to afford some degree of inefficiency here and there, but other countries are not so fortunate. They have to compete in world markets. Their prosperity depends on a high level of world trade. Their standard of living would materially deteriorate if they did not keep their economic efficient and their industries competitive. Encouragement of high-cost, non-competitive industries may have only minor effects on the U.S. economy as a whole but it might have serious consequences on the economies of some other countries. This would hardly be the way of binding the free nations of the world into a strong bulwark against aggression.

Needed: A Common Resource Policy of the Free World

We do not think it is a selfish policy to recommend to the United States to buy from the cheapest raw material suppliers. We are not asking for special treatment either on defence grounds or because we are your neighbours or your best customers. What we would like to see the United States do is to adopt a policy that would encourage the long-term development of resources of the free world. In that process, you will encourage development of Canadian natural resources which are strategically located from your point of view. This will ensure you of a more adequate supply of raw materials should an emergency occur. It will give your raw material consuming industries and the