

therefore, is how we are tackling it. But there is nothing easy or automatic about it. It is difficult and complicated. But this does not, of course, mean that Canada would not have still greater problems, indeed insoluble problems, in trying to provide defences in our half of this continent if we did not have the Americans to cooperate with us in the enterprise.

There are also difficult and complex problems in our economic relations with the United States. What we need to remember here is that it is largely because there is more trade between us than between any other two countries, that there are so many problems. Our object should be not to stop that trade by restrictions, but rather to solve the problems.

That is not easy. With the growth of our own economy and with the increasing variety of our production the points of contact and of competition and friction have multiplied many times over during the past few decades. Our relations have also become much more complex as a result of the growth and the development of both countries. This trend is not regrettable. It is inevitable and desirable. It does mean, however, that economic relations between us will require even closer and more continuous attention and understanding if the progress of both countries is not to be retarded and if friendly relations between us generally are to be strengthened.

We seek no special favours from the United States for our trade. Quite apart from any political implications, a narrow continental approach would not resolve our problems. It would merely ignore most of them and would aggravate many of them.

The fact that we are on the same continent has, of course, a good deal of significance for the commercial policies of both countries. One of its important consequences is, I think, that it reduces the risk that in an emergency essential goods and materials will not be available if their development is encouraged by trade in normal times. This reinforces the case for the greatest possible and freest possible trade between us. It weakens the strategic and security argument for artificially protecting domestic industries, since there are known to be economic, adequate and secure sources for so many goods and materials nearby.

This domestic security argument was carried to extreme lengths the other day in a brief which I understand lead pencil manufacturers in the United States solemnly presented justifying protection on the ground of the "strategic essentiality" of their product. I fear that technological advances in methods of producing innumerable papers in Government offices or in the Armed Forces may already have detracted somewhat from their case.

More important - and more disturbing to us - are the arguments which have been made on strategic, as well as other grounds, for protecting - by tariffs, quotas and other devices - the producers of commodities which Canada is able to sell competitively, such as agricultural products, fish, metals and minerals, and now oil.