

That raises the question of how far it might be possible to integrate the manufacturing industries of the two countries with a view to making manufactured goods available in Canada at the same prices as in the United States, while at the same time holding and, if possible, enlarging the volume of our own manufactures. The agricultural implement industry is an instance which shows that this is not impossible. I understand that today there is no tariff on the entry of agricultural implements from either country into the other. Honourable members who are more familiar with the business than I am will know whether implements of the same types and quality are manufactured in both countries. Of course, if I were making an election speech in Nova Scotia or in the Canadian West, I would say, "Take the tariffs off manufactured goods altogether and let them come in." But the matter is not so simple as that, as honourable senators know.

I believe we are entering into a period of changed industrial and business relations between Canada, the United States, Great Britain and other countries that think and believe as we do. It seems to me that the economic position of these countries has got to be integrated. And I say to honourable senators that many people believe that under these circumstances there is perhaps no more favourable manufacturing area in the world than the peninsula of Ontario. People for whose judgment I have great respect have said within my hearing that the time will come when that part of Canada will be the Ruhr of the new world. It has every advantage as a source of industrial power, and if it had the benefit of a much larger market Canadian consumers might be able to buy manufactured goods at the same prices as prevail in the United States. That is a matter of serious importance.

In normal times trade in this country and the United States has been carried on between individuals. But we are entering into trade agreements and expect to live beside and trade with—and indeed, if necessity arises, fight alongside—countries in Western Europe whose economies are and will likely continue to be, to a greater or lesser extent, on a different basis. These countries now and in the future may obtain their full requirements through state trading and bulk purchase. How can we reconcile our method of doing business with theirs? Remember, honourable senators, in Western Europe today the so-called conservative governments are socialists, who, rightly or wrongly, believe in state trading and bulk purchase. As my friend

from Northumberland (Hon. Mr. Burchill) knows, the lumber business in eastern Nova Scotia has had an experience of that sort of thing. It may become a permanent method of trading. I think there could be a most useful inquiry into how we are to reconcile the two different viewpoints. Mr. McKinnon said to us, as he no doubt will say again when he appears before honourable members, that one of the problems that arose in the negotiations was how to draft terms for fair dealing between countries that do bulk buying and countries whose business consists of individual transactions. For the last eighty or one hundred years or more Nova Scotia has been selling most of its apples to the United Kingdom, but today not one of our apples is going there. The reason is not a tariff, but simply that the government of Great Britain decided that the purchases should be discontinued. My honourable friend from Northumberland, I think, has found also that the British government said it did not want any more lumber from the Maritimes.

Some consideration must be given to the reconciling of bulk trading with individual trading. A friend of mine in the East said to me, when I was down there recently: "This agreement may lead to a great increase in the sale of our goods to the United States, and a temporary advantage; but I do not like it, because in my opinion the American market is not as stable as the United Kingdom market. The official viewpoint in the United States often changes with a change in administration. One government lowers the tariff, but its successor raises it again." There is room for a good deal of argument about that, but I think that here again we are facing new conditions. In recent years political thought in the United States has undergone considerable revision. That country has been placed in a position of virtual leadership in the restoration of the world's economy. Today it is contemplating steps for putting the economic house of western Europe in order. It is the only country that can do the job. Is it conceivable that after the job is done the American government would say to the people of western Europe, "We have built your factories and helped you to start up in business again, but we refuse to buy any more goods from you"? That would not make sense; that is a policy which simply could not work in future.

To my mind it is significant that the two great political parties of the United States are involved in its present course of action. There is a Democratic administration, but the Congress is under Republican control. While