

costs in some of these countries, and particularly Britain, have gone up phenomenally as a result of their internal inflation, but when you reach to Japan and Germany, of course, you undoubtedly are still facing a standard of living the cost of which is so far below ours as to give us quite a problem.

Hon. Mr. HORNER: And two countries with which it seems almost a must for us to trade with under the present circumstances.

Mr. HENDERSON: Absolutely, if we adhere to our policy here.

Hon. Mr. HORNER: And our safeguard.

Mr. REID: Honourable chairman, I think that what Mr. Henderson said is quite correct. There is this additional factor that if you have a nation—where you perhaps have low wages in relationship to what we are accustomed in Canada, it does not necessarily mean that that nation is going to be more competitive across a wide range of products, for this reason, that they may not to begin with have access to raw materials to the same extent which other nations with which they are competing have. Secondly, they may not have the machinery and equipment and technical know-how which enables the other nations who pay higher wages still to produce much more efficiently the same product.

Hon. Mr. EULER: Do you think that would apply to west Germany?

Hon. Mr. HORNER: Not at all.

Mr. REID: It would not apply to the know-how, no sir. I think western Germany has shown an amazing renaissance from the war industry, there is no doubt about that; but I was merely speaking of basic principles.

Hon. Mr. DUFFUS: There has been a lot of discussion on the part of this committee, Mr. Chairman, and I have been listening more than talking, but it occurs to me in a general way that the broad attitude of co-operation and diplomacy on the part of these countries would bring about more results and better results than anything else.

The CHAIRMAN: I do not think there is any question about that.

Hon. Mr. EULER: No—that is the trouble.

Hon. Mr. DUFFUS: I think we are going to have a great many conferences between nations in solving this problem and more particularly within the next eight or twelve months.

The CHAIRMAN: Sometimes a situation has to get worse before it gets better to wake the people and the governments up. I think you are right, sir.

Hon. Mr. BURCHILL: We started off—and, Mr. Chairman, you will correct me if I am wrong—by having gentlemen like Mr. Henderson, his associates, and the others who have appeared for us, to suggest or recommend a way in which we could take in some sterling. Is that not right, Mr. Chairman?

The CHAIRMAN: That is right.

Hon. Mr. BURCHILL: In other words, how we in Canada could increase our trade, say, with the sterling area. That was what we started off with.

The CHAIRMAN: That is right, Senator Burchill.

Hon. Mr. BURCHILL: To see if we could not discover some route or channel by which Canada could do a little more trade with the sterling areas. Now, we are not making very much headway, are we? Have we had a suggestion so far from any of the very, very distinguished delegations that have appeared before us as to how that can be done?

The CHAIRMAN: In the brief you made a suggestion, did you not, about 50 businessmen studying the problem—or, what was that suggestion?

Mr. HENDERSON: Mr. Chairman, as Senator Burchill so aptly puts it, the whole problem as we see it is so complicated, there are so many angles to it, it is the most tremendous problem that we have been faced with certainly