

For this and other reasons I can see no prospect that the production of civilian goods in Canada alone will be sufficiently large in the immediate future to keep pace with the demand, and thus enable competition to bring about an adjustment in prices. So it seems to me that the extent to which we can hope for an adjustment is the extent to which we can return to freedom of trade among the countries of the western world. I was brought up, as no doubt were most of the members sitting around me, to believe that free trade would solve many of our economic problems. But in recent years the western countries have placed many obstacles in the way of international trade. The tariff, which used to be the chief of these, is now relatively insignificant. Here are twelve countries pledged to sink or swim together in their common defence, but to the utmost degree possible they restrict commercial transactions with one another. There is a curious agreement on that point among all the political parties in every one of these countries. It is quite amazing. In our own country, for instance, so far as I know, not a single party, including the one to which I belong, is at present a very enthusiastic supporter of low tariffs. The party represented by my friends opposite is not, nor is the CCF nor the Social Credit party. Neither is the Labour or the Conservative party in Britain, nor the Republican or Democratic party in the United States.

Let me cite just one instance to show how strong the opposition to free trade between the countries really is. The Geneva trade agreements provided for importation into the United States of a certain quota of cheese, but the Congress has prohibited this. Now, if there had been any great unemployment in the United States, or if for any other reason the importation of the cheese would have threatened the economy of that country with a serious problem, one could have understood this action by the Congress. But there was nothing of the kind. The action was just a result of that instinctive protectionism which is rampant in the western world today.

In the meantime the cost of living is mounting in all these countries. The increase has been curtailed to some extent in Britain by subsidies, but the controls are bursting at the seams. Rising costs have placed France in a very bad position. Some controls have been adopted in the United States, and although I do not say they are breaking down, I think there is constant evidence of great difficulty in maintaining them.

I suggest again that the sole cure for the rising cost of living is more competition. I

know, of course, it is much easier to say that than to indicate how the cure can be put into operation. For here is a curious fact. Although we have provided large sums for arms and other assistance for Western European countries—last session, for instance, parliament authorized the spending of some \$200 million for this purpose—and although hundreds of thousands of people over there are unemployed, we would strongly oppose any offer from those countries to produce goods for shipment here as payment on account of what has been received from us. And the United States, from which billions of dollars in aid have gone to Europe, would just as strongly oppose any similar offer. There may be exceptions as to certain specific goods, but the general view of all political parties in Canada and the United States is that we in our respective countries should, so far as is humanly possible, produce all the goods we need for our own consumption. Lack of competition is, in my humble opinion, the root of the trouble. Goods must come to us from two sources, namely, production at home and importation from abroad. If conditions in the countries of Western Europe do not permit the making of armaments there—to use the expression used in Germany—and we must continue to supply guns to them as well to ourselves, then the people of that part of the world should supply us with butter. I am using that illustration somewhat figuratively. If the demand for goods continues to exceed the supply, I see nothing that will prevent the continuing rise in prices. If, on the other hand, we are able to stimulate healthy competition, a solution may be found.

It was my privilege to discuss this question privately with some of the delegates to the recent NATO conference, of which I was not a member. I sat at dinner one day between the Ministers of Finance from France and from Luxemburg. I said to them that in my humble opinion the problem would not be solved for any country until it was able to adopt the simple doctrine that more competition results in better conditions for the consumer. How this solution is to be worked out is not easy to suggest, but it is the one that settled our economic problems of the past and, I think, offers a solution for the future.

Hon. Ray Petten: Honourable senators, first, I should like to add to the words of the two leaders in the Senate my own sincere congratulations on the ably-worded addresses of the mover and the seconder of the Address in reply to the Speech from the Throne.

Secondly, but perhaps more important at this particular time, I wish to add my voice to the chorus of welcome to Their Royal Highnesses, Princess Elizabeth and Prince