

made fiber. We have got the oil import quota arrangement. Do you see a danger of moving forward to what we call mercantilism at the same time we have been taking down the tariff barriers, so that we will end up with not having keyed up trade, but having restricted it by the use of the other techniques?

Mr. BALL. You touch on a very sore point, Mr. Curtis, because I invented and negotiated the cotton textile agreement, and it has always been on my conscience. I think it was a bad thing. But I did it only because if I hadn't I was very much afraid that Congress was going to impose mandatory quotas, which would have been even worse.

But I wholly agree with you, I think that there is a tendency to try to substitute for the tariff quota restriction or other impediments, based very often on a rather specious issue of national defense. And I think these are very bad, for the most part.

Representative CURTIS. I should have mentioned the other one, too, the United States-Canadian Auto Treaty. Yet, if at the time it was made, it was said that this was the beginning of a real Common Market with Canada, I could see some logic. But if it was just the beginning of dealing with commodity or industry arrangements on a bilateral basis it would appear to be a very dangerous precedent.

Now, there has been some conversation to the effect that this is a beginning of a real common market with Canada. Would you comment on that?

Mr. BALL. Of course, it also was devised to counter a greater evil, which was the threat by the Canadian Government under the leadership of a rather nationalistic Finance Minister at that time—he is a friend of mine, incidentally—to put a requirement of local origin on a great part of the production of automobiles in Canada. And if this had been done, it would have stultified and interfered with trade to a far greater degree than the solution we finally arrived at. I thought the solution was pretty good, given the atmosphere and the circumstances in which it had to be developed.

On the question of a Canadian-American free trade area, or customs union, as the case may be—depending on whether we arrive at a common exterior tariff, or don't—I would agree with what Mr. Rockefeller said, but with a very big question mark, for I don't think the objection to it comes from the United States side nearly as much as it does from the Canadians. The Canadians live in a country which has one-tenth the population of the United States with one-fourteenth the gross national product, and they live in mortal terror all the time of losing their national identity from living next to this giant. Yet I would doubt very much if there can be complete free trade back and forth without a considerable erosion of national identity, and I think this is what most Canadians think. Personally, I feel they are fighting a rear-guard action, a losing battle, because I don't think over the years they will be content to have a 25-percent lower standard of living than the United States just in order to preserve their national integrity.

But these are fighting words in Canada.

Representative CURTIS. Of course, being in Congress, I am in the place where great pressures are applied. And I think the thing that bothers me—you can argue that this is true of almost any area,