

*Canadian Production Costs:*

6. Inasmuch as the manufacturing industry in Canada directly employs about one in every four persons of the work force, and bearing in mind the many persons indirectly dependent for employment on its well-being, the Association is of the opinion that the most effective manner by which unemployment can be remedied is to stimulate that segment of industry. The Association holds to the view that it is essential to increase the production of goods and services for the Canadian market. It is also essential to adopt measures to stimulate exports of manufactured products. To do so, it is imperative to reduce costs of production. The day when Canada can sell anything it produces with little regard to cost is long since past. Canadian costs are high because Canadian wages and taxes are high and the Canadian volume is low. Although our domestic market is based on a population of only 18 million, our wage and tax levels are close to the highest in the world.

*Government Action:*

7. The Association is heartened by evidence in recent months that some of the basic problems of manufacturers in Canada are receiving government attention, and that action is being taken to overcome some of these difficulties and to offer some encouragement to the expansion and development of the manufacturing industry.

8. The Minister of Finance in his Budget Speech of December 20th, 1960, announced that accelerated capital cost allowances would be provided to assist new industries in areas where there is a substantial degree of unemployment over the years, to aid the development of new products from processing operations not hitherto carried on in Canada and to encourage the production of new types of goods. The Association regards these incentives for the promoting of manufacturing and increasing employment in Canada as merely a step in the right direction—but the step of a child and not the bold step of an adventurer.

9. The increase to \$35,000 in the amount of the first bracket of taxable income subject to the rate of 21 per cent will help small firms in particular.

10. The Association has noted with satisfaction the sharp downward trend of the premium on the Canadian dollar in recent weeks. This helps both Canadian exporters and Canadian manufacturers selling in the home market. It is hoped that this trend continues until the most satisfactory level of the Canadian dollar is reached.

11. The action of the Minister of Finance to tighten up the interpretation of the "class or kind" provisions in the Customs Tariff will be of help to Canadian manufacturers. In recent years Tariff Board decisions in this have eroded the protection originally intended for the Canadian manufacturer or producer.

12. The new legislation providing government guarantees of loans for capital expenditure by small businesses is welcome assistance not only to small manufacturers, but to wholesale and retail outlets which handle so many of the products of the manufacturing industry. It appears to fill the gap in the machinery of providing intermediate term financing for small enterprises, and it is hoped that this will facilitate business developments at reasonable cost.

13. The Association endorses the recently announced transfer of the National Industrial Design Council from the aegis of the National Gallery to the new Design Branch of the Department of Trade and Commerce. Long an advocate of better design in Canadian industrial products, the Association believes that the promotional efforts of the Council will be more effective and better co-ordinated under its new auspices.