

certainly not true in the case of Canada. There is no weakness in our economy -- nothing wrong with our production, either in volume of output or level of costs. We can supply the goods. We can supply them at a competitive price. We hope you will make it possible for us to sell them. We hope you will be prepared to import on a much larger scale than you are presently importing. Every dollar spent in Canada is like a homing-pigeon. It is sure to return home.

What are the alternatives? If we cannot expand exports to you, we will have to achieve a better balance by curtailing our expenditures for your goods, services and tourist trade. We would not like to be forced to take such restrictive measures. It would hurt us; it would hurt you. It would mean less business for us both. It would upset our friendly and mutually profitable economic relations. We know that our real opportunity lies in the expansion of our production and trade. We want to be able to avail ourselves to the full of every opportunity to spend our holidays in the lovely New England country, we want to continue to purchase the products of your New England mills and factories. We think that your stake in solving this problem in a constructive manner is almost as great as our own. Personally, I am confident that the traditional goodwill and mutual co-operation which contributed so much to our past relations will make it possible to meet this problem in a manner which will enhance the welfare of both our countries.

We have in Canada raw materials and foodstuffs in abundance which are not available in the United States, of which are available in inadequate quantities. Recent discoveries in hitherto undeveloped regions guarantee the continuation of supply on an ever-increasing scale. Raw materials have always been the mainstay of our exports. They will necessarily be an important component of our export trade for many years to come. We do not anticipate any great difficulties in this regard. But processed raw materials and manufactured goods are another matter.

Perhaps one fact about Canada which is not too well known in your country is the degree of industrial expansion which has taken place in the course of the last decade. Our manufacturers are depending heavily on future exports. It is for this reason that we view with some alarm the loss of our traditional markets for manufactured goods. In most cases these goods are complementary to your production. In some respects, of course, these goods are competitive with United States products. But you have nothing to fear from Canadian industrialization. There is a fallacious theory concerning industrialization that crops up now and again. It is sometimes held that as a country becomes more highly industrialized it becomes less dependent on imports. Exactly the opposite is true. Is it not precisely because of our industrial development that we have become your best customer? The character of our imports is convincing evidence of that. If that were not so, how is it that Canada with 12½ million people buys many times more from you than the whole of Asia with almost a billion people? As we become industrialized, and the standard of living of our people improves, demand for your goods will grow tremendously. If this is to materialize, the flow of manufactured goods across our borders must become a two-way flow.

Canada's economic strength will continue to grow. That growth will provide increasing opportunities for the further development of mutually profitable economic relations between Canada and New England. Recent years and months have witnessed the discovery of vast supplies of important raw materials: iron ore in Quebec and Labrador, uranium in the Northwest, oil in Alberta and titanium in Quebec. At a time when the available supplies of these critical raw materials are being taxed to the breaking point under the stress of record levels of peace-time production and military preparedness, these discoveries and the development of methods for their economic extraction are of more than ordinary interest. I mention the iron ore development along the Quebec-Labrador border in particular, not only because we regard it as important

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