

throughout the country had to review their sources of supply and buy Canadian products, where formerly they had used imported ones. Despite these benefits and the knowledge that many of them would disappear when the controls were lifted, the Association recognized that these were temporary measures and that their continuance would be inconsistent with Canada's international obligations. The temptation to ask that import controls be prolonged was very great but instead of advocating this course the Association recommended and approved the Government policy of progressive decontrol when the danger point of exchange reserves had passed.

Canada's conduct in international trade relations, including the rapid abandonment of import controls has been exemplary, but there is little doubt that the lack of desire on the part of other countries to follow her lead is in no small part responsible for the world trade difficulties of to-day.

In many other countries import restrictions have been employed, apart from the necessity of exchange conservation, to build up and protect secondary industry and, in these countries, there appears to be little desire for their removal. In the United States, the tariff structure, import quotas and prohibitions and the involved administration of customs have been designed and used to ensure, in that highly industrialized nation, that American industry is not subjected to serious competition from Canada or from abroad.

The evidence of past years leaves no doubt that further action by Canada to give a larger share of a relatively small domestic market to imports will be totally ineffective in changing these restrictive policies in other countries. Instead, we must look for more positive measures by other countries which will progressively result in greater freedom in the international exchange of goods. The statements issued, following the 1953 Commonwealth Conference, and subsequent talks, cautiously indicate an encouraging change in thinking on these matters, and if their suggestions are carried into action the general problem of world trade may be brought closer to solution. It has been made clear that the proposals envisage the seeking of full participation and co-operation of the countries of Western Europe.

Perhaps it may be said that the effects of these import curbs are being over emphasized since Canadian exports have yearly reached new peaks, but this is to ignore the change which has taken place in the nature and direction of our exports. The ever-increasing demand in the United States for our raw and semi-processed products is of great importance to our basic industries, but, unfortunately, Canadian manufacturers of consumer goods and other fully-finished articles have not found the United States a substitute for markets which they previously enjoyed in the United Kingdom, the British Commonwealth and Empire and in some foreign countries, for these products. It is obvious that the United States, while quite willing to admit Canada's raw materials to her markets, does not show the same willingness to admit a wide range of manufactured goods.

In order to prosper and to provide stable employment, in order to progress towards more efficient production methods and improved products, the manufacturing industry, Canada's largest employer of labour, needs access to ever-widening markets. Such progress is essential if Canadian industry is to avoid a situation where rising costs of production and distribution result in pricing itself out of not only its foreign markets but also the domestic market, and in all policies this must be a major consideration.

The Canadian Manufacturers' Association has the utmost faith in the industrial future of this nation and in the eventual restoration, through international action and amity, of peaceful and prosperous world trading conditions. In the long term, the earnest efforts of governments, international institutions, and private enterprise must be crowned with success, and indeed no one would