There is also the added point that Canadian consumers would have to pay higher prices for many commodities which could be imported at lower prices from abroad. We would also have to take into account Canada's international trade obligations, and our strategy in trade negotiations with our customers and suppliers.

I need hardly remind you that, on the other hand, a case can also be made for encouraging further industrial development through added protection. Advanced manufacturing in Canada means greater use of many of the raw materials produced in our own country. It also means added employment and income opportunities in such industries. As I understand government trade policies, their chief objective is to work with other like-minded nations towards a gradual reduction of trade barriers and to increasing the flow of international commerce. While this is its broad policy, the government is always willing to look at specific cases of individual tariff items when industry feels that it suffers hardships, as you can see from the number of hearings before the Canadian Tariff Board. The point I would like to make is that there does not seem to be any easy and clear-cut solution to the problem of foreign competition in our domestic market in sight, and that this problem is likely to affect the economic outlook in Canada for years to come.

<u>Canada's Growing Dependence on Trade with the United States</u>

To turn now to our second problem which is being described by some as a great weakness in our current economic position: our too heavy dependence on the United States. Specifically, the point is being made that we are now selling relatively more to the United States than we used to. This is quite true. In 1929, 44 per cent of our commodity exports went to the United States. In 1953 the proportion was 59 per cent. But much less attention is being paid to two corollary developments:

(1) We are now also buying relatively more from the United States than we used to. Canada's imports from the U.S. amounted to 73 per cent of total imports in 1953, as against 69 per cent in 1929. Given the present international situation, how else could Canadians pay for increasing imports from the United States but by increasing our exports to them? In fact, in our trade negotiations with the Americans, Canadians have persistently made the point that they are not selling enough to the United States. (As you know, Canada's commodity trade deficit in 1953 with the U.S. was $758 million.)

(2) The Canadian domestic market has grown more rapidly than our markets in the U.S. Between 1929 and 1953 real gross national product rose by 127 per cent, or at an annual rate of 3.5 per cent (compound). Canadian commodity exports increased in volume terms by 95 per cent over the period as a whole, equivalent to an annual average rate of increase of 2.8 per cent (compound). This means: It is true we are putting more eggs into one basket - only the basket is Canada and not the United States.