

However, we do not wish to make our point by picking our year, and suggest that it is more logical to first of all eliminate service imports and then relate commodity imports to Gross National Expenditure on a physical volume basis, since it is the relative volume of imports to the volume of G.N.E. that relates more directly to employment. When this is done we find that the import volume in 1951 represented 17.9 per cent of G.N.E., and in 1959 the import volume was 20.5 per cent of G.N.E., which is a more than modest increase—

Senator SMITH (*Queens-Shelburne*): What are those figures again?

Mr. SIMPSON: The import volume in 1951 represented 17.9 per cent of G.N.E., and in 1959 it represented 20.5 per cent of G.N.E. This is a more than modest increase, particularly in view of the fact that in 1951 one percentage point represented \$185 millions, and in 1959 one percentage point represented \$248 millions.

We would also like to comment on Professor Hood's chart XI on page 68 of the report. This shows four classifications of imports as a percentage of total imports of goods. You will note that two classifications, "Industrial Materials" and "Fuels and Lubricants" show a marked downward trend, and taken together at the beginning of the period (1950) account for 47 per cent of total commodity imports, and at the end of the period (1959) they account for only 35 per cent of the total. "Consumer Goods" and "Investment Goods", on the other hand, rise during the period from 53 per cent to 65 per cent. This change in the mix of commodity imports is highly significant since "Consumer Goods" and "Investment Goods" are produced by labour intensive industries, whereas "Fuels and Lubricants" and "Industrial Raw Materials" are much less labour intensive.

Consequently, we feel, that to say that the decline in the rate of growth of the economy and the growing unemployment in this country is not due, in part, to import competition, is neither in accord with the statistical evidence nor realistic from the point of view of those who are face to face with the circumstances that account for the statistics.

Thank you very much, Mr. Chairman.

Senator HORNER: Mr. Chairman, it has been brought to my attention that some Canadian manufacturers have not been entirely fair. By this I mean they have taken advantage of being able to have goods manufactured cheaply in Japan and other countries, and selling them here as though they were out of their own shop; as though they were manufactured by themselves.

I hope none of you gentlemen have resorted to that method of making money, and then are coming here and asking for protection for your manufactures.

Mr. CAMPBELL: To the best of my knowledge none of us represented here have brought in any completed product from Japan and marketed it under our own label with the implication or the thought that it is made in Canada, although many components of the products we manufacture are purchased on the world markets. I cannot say that no Japanese item has been imported by the industry, but business does have to remain competitive. At times a component has to be imported in order to maintain Canadian production.

Senator HORNER: I do not say it is entirely unnecessary, but there have been some Canadians out of work because of this, particularly in the textile industries.

Senator SMITH (*Queens-Shelburne*): Our trouble seems to be related to the old question: Which comes first—the chicken or the egg? We have difficulty in making up our minds as to the relative importance of the primary industries. There are a great many people in this country who will say that the development and success of a good and sufficient sized domestic market depends