

their own against foreign competition. In fact, they are able to compete successfully in a number of markets abroad. There are, however, some other manufacturing industries - I have mentioned two examples, electrical equipment and textile industries, and I could add others, e.g., the transportation equipment, the plumbing and heating equipment and the boot and shoe industries - which do not have the advantage of catering to a mass market. Hence the smaller scale on which these industries operate prevents them from producing as efficiently as, for example, some of their American competitors notwithstanding the fact that the latter may be paying higher wages and making greater profits than their Canadian counterparts. Nor have these Canadian manufacturing firms the advantage of lower wage costs that similar firms may have in the United Kingdom, Western Germany and Japan.

Given the present tariff structure, a number of Canadian fabricating firms are well able to hold their own in the domestic market against foreign competition by concentrating on the production of the articles they can turn out most efficiently. Some of our industries, however, are unable to do so and it is from these ranks that the demand for increased protection comes. In the present stage of Canadian economic development and technological advance, these industries are responsible for perhaps 5 to 10 per cent of Canada's national income. (Precise measurement does not appear feasible because the competitive position of various domestic industries in the Canadian market vis-a-vis foreign producers changes from time to time).

Some people suggest that the manufacturing industries which cannot meet fair foreign competition are inefficient and therefore do not deserve any sympathy. Given the basic economic facts of Canadian life, I personally cannot agree with this oversimplified conclusion. For the operations of these industries are circumscribed by the size of a market which prevents them from reaping all the advantages of mass production. The costs of production of these companies is determined largely by the wage and profit pattern set by our resources industries and followed by our construction and service industries. Hence our advanced manufacturing industries have little choice but also to follow this pattern. The point I want to make is that many of our fabricating industries are as efficient as is humanly possible, taking account of the handicaps they are facing.

It is not for me to express any views about whether Canadian industry should be given additional protection or not. But it may be useful to remember that there are economic arguments that further protection of Canadian industry would hamper the expansion of our export industries, which as I mentioned are among Canada's most efficient industries, and which are making dollar for dollar the greatest contribution to increasing our national wealth and in one way or another that of every individual Canadian. The reason why our export industries would be affected is simply that our customers would be earning fewer Canadian dollars from selling to us. And if they sell less to us, what alternatives have they got but buying less from us?