

agricultural, fish, mineral and forest products, then these industries are responsible for close to two-thirds of the national income earned in the commodity-producing sector. Hence you can divide our national income, speaking very roughly, into three parts: one-third is earned in the resources industries, one-sixth in the advanced manufacturing and construction industries, and one-half in the service industries.

Our service industries and our construction industry are largely domestic in character. They face comparatively little foreign competition, mainly because of the regional or local character of their service or product. Hence in relation to foreign trade, our concern is primarily with the resources and fabricating industries.

Canada's resources industries are among the most efficient in the world. Mainly because of the high quality of our resources, we can sell them at competitive prices in most foreign markets. The businessmen who develop these resources usually earn pretty good profits, and workers employed in these industries draw fairly high wages. Thus, our resources industries set a profit and wage pattern for Canada that has contributed greatly to the high standard of living which Canadians enjoy, and that has provided an incentive for businessmen to take the risks entailed in developing our resources.

Canada's service and construction industries have been able to meet the wage and profit standards set by the resources industries, and have been, by and large, fairly successful in their operations. The reasons are the national scale of operations in some sectors, e.g. department and chain stores and financial institutions, and the monopolistic or semi-monopolistic position of some other sectors, e.g., Canada's utility industries. In still other cases locational advantages have been the deciding factor, e.g., in the construction and general service business. Hence you have about five-sixths of the Canadian economy in which the general claim that we have a high-cost economy simply does not apply. Canada's resources, construction and service industries appear, under normal circumstances, to be able to afford the high wages and profits they pay for the reasons I have just outlined. In fact, but for the inability of these industries to offer such high rewards to their workers, Canadians would not have the high standard of living they now enjoy.

The interesting thing is that our resources industries, which set the wage and profit pattern for other industries in Canada, are also our most efficient industries. If they were not as efficient as they are, would Canada be the world's leading exporter of newsprint, wheat, nickel and aluminum? Now what happens to our fabricating industries when they are faced with the necessity of paying wages and of offering profit opportunities similar to those provided by our resources, construction and service industries? Some of our advanced manufacturing industries have the advantages of large-scale operation, e.g., our farm implement and fertilizer industries. These manufacturing industries are among the most efficient and are well able to hold