

problem. They have to maintain their own employment. The result of this will be that there will be an end to the market for all in every country of the world. No doubt they are all alive to the very problem that we are facing.

Mr. NEEDLES: That emphasizes the grave importance of our maintaining our present customs law to protect ourselves from countries which are seeking export markets.

Senator HORNER: You are looking for the Canadian share?

Mr. NEEDLES: We want to improve the opportunity for Canadians in jobs in Canada.

Senator CAMERON: In that case, obviously we have to sell to some of these other countries. What happens if we close the market against them with respect of wheat, coal and pulp?

Mr. NEEDLES: Our feeling is that when other people buy from us they buy because it is advantageous to them to do so because of need or the price of the product. The force of the impact of such measures is much exaggerated.

Senator ROEBUCK: May I ask a question or two? I want enlightenment along the same line. In paragraph VI under the heading "Export Trade" it is recommended that encouragement be given to the increase of exports from Canada, and then in paragraph 26 you tell about the importation of manufactured goods into Canada, and that paragraph is evidently critically stated. I would like to know this: If we are to continue our exports from Canada and actually increase them, how is it suggested we receive payment for those exports if we are to shut off imports? What do you gentlemen suggest that we take in return for the things we send away?

Mr. NEEDLES: We are not advocating that we cut off imports, but where imports take a terrific portion of a certain industry's volume we are advocating that temporary measures be taken to control the inflow while the subject can be investigated further and then taken before the Tariff Board for review.

Senator ROEBUCK: You do not need further investigation. You gentlemen know the whole story, and know it intimately well. I want to know specifically what you suggest we take in return for these exports.

Mr. STYLE: Mr. Chairman, may I try to answer the senator's questions? I think at the present moment we have an unfavourable balance of payments in the order of \$1,200 million, which has dropped slightly this year, although we do not know the full amount as yet. Certainly that gives large leeway for reducing our imports and at the same time increasing our exports.

Senator ROEBUCK: May I ask this supplementary question? Is not the financial balance against us the result of investment in Canada chiefly from the United States? Money has come into Canada from the United States for investment here and has been used for the purchase of goods abroad, not necessarily the actual goods of the investor but some goods?

Mr. STYLE: Certainly the unfavourable balance of payments is due in some measure to heavy investment in this country which has to be repaid later in the form of dividends.

Senator ROEBUCK: At least in large part.

Senator LEONARD: Were you not answering in terms of the physical balance of goods as between imports and exports, that you are importing a substantial balance more of goods, leaving out the question of the movement of capital in terms of money?

Mr. STYLE: I had reference to the combination of the two. I believe the balance of goods this year will run around \$100 million. The unfavourable