

Our natural resources make us increasingly important to you. We have read the Paley Report. We realize that, as the years go by, you will need more of our timber, our iron ore, our other metals and our oil and gas if the tempo of your industrial development is to be maintained. We welcome your interest in our economy, we welcome your capital investment in Canada for, by these means, we in our turn advance and develop just as the United States did with external capital investment a century ago.

Despite all these favourable factors that stimulate trade between our two countries and that arouse your interest in Canada, there are some irritants in Canadian-American trade and economic relations that are very apparent to us, and should be known to you.

Before the Second World War, our trade with the United States was important and was a large part of the total for our country, but it was not noticeably in the position of imbalance that it is today. Over this problem some Canadians are disturbed. Sixty per cent of our exports are going to your country each year and over seventy per cent of our imports come from the U.S. Our trade is concentrated too much in one country. Each year we import from you goods valued at a billion dollars more than the materials we sell to you. To correct this imbalance we have to acquire surpluses in our trade with other nations and attract capital for investment. If you would buy more from us, particularly in the field of manufactured goods, perhaps we would have less complaint. But you take our raw materials or semi-processed materials, put them through your manufacturing plants and sell the finished articles to us. If you would take finished articles from us, we could process more of our raw materials at home, employ more people, and raise the standard of living. Canadians would like to see this done, for we have the basic materials to support industry on a large scale.

Increased exports from Canada to the United States would certainly be helpful to us and we like to think not harmful to you. But, without this increase in exports to the U.S., we have to look abroad to stimulate our trade. Further, we have things to sell that you do not require, and markets therefore must be found elsewhere.

Our wheat is a good example of this. We harvest each year from 350 to 550 million bushels of the best hard spring wheat in the world. It is a quality product that is in demand abroad. We also have a surplus of wheat of some 600 million bushels. Your surplus, although larger, is only one quarter the size of ours if you estimate it on a per capita basis. With these two basic facts before you--good wheat and a surplus--if you want to irritate Canadians, who have been world wheat traders