

sells almost as much to Canada as does Norway. Even in agricultural products, Canada buys a larger volume of American agricultural products, by some \$100,000,000, than Canada sells to the United States.

The value of United States exports to Canada is almost as much as that of its total sales to all Latin American countries. Canada is the United States' greatest customer and the United States is Canada's greatest customer. What you are buying from us is largely raw materials or semi or partially-manufactured materials, for the United States tariff system prohibits any major import of manufactured goods.

This concentration of trade in one channel contains inherent dangers for Canada. It makes the Canadian economy altogether too vulnerable to sudden changes in trading policy at Washington. Canadians do not wish to have their economic, any more than their political, affairs determined outside Canada.

Canada has always purchased more from the United States than the United States has purchased from Canada. This imbalance is now running to record proportions. In our commodity trade last year, Canada purchased from the United States goods to a value of \$1,298 millions more than the United States purchased from Canada. Thus far in 1957, the imbalance has increased, and if the present trend continues, 1957 will establish a new all-time record in imbalance in trade between the two countries.

Our trade with the United States is equivalent to 25 per cent of Canada's gross national product. On the other hand, it is the equivalent of less than 2 per cent of the gross national product of the United States. It is perhaps only natural, therefore, that Canadian-American trade should not make the same claim on the attention and consideration of the United States as it does on Canada.

A pressing concern in Canada is the question of the United States agricultural disposal programme, and in particular that of wheat and wheat flour, which has been more vigorous and more aggressive in the last two years, and which denies fair competition for markets. Canada's carry-over of wheat amounted to more than 700 million bushels this year. It is vital to Canada's economy that some 300 million bushels of wheat be exported every year.

Canada can compete for her share of the markets of the world, providing other nations follow recognized competitive practices. The share of the world market for wheat by the United States has been increasing in recent years by its policies of surplus disposal, and that increase has come about mainly at the expense of Canada's export trade, which has been decreasing. The surplus disposal legislation of the United States has made it difficult, if not impossible, for Canada to maintain its fair share of the world's market. Canada cannot compete for agricultural markets against the dominant economic power of the United States, with its export subsidies, barter deals and sales for foreign currency.

The free world faces not only the military, but the economic aggression of the U.S.S.R. Military alliances and joint co-ordination for defence are not enough. There must be economic co-operation, which in turn demands recognition by larger nations of the effect of their economic policies on smaller nations. Freedom cannot afford to allow any of the free nations to be weakened economically.