

We in Canada take some pride in the fact that in bringing our trade with the United States into better balance, we have followed a policy of expanding our total trade by finding new markets for more exports rather than by restrictive measures. Because of the success of the more constructive side of our programme many of the temporary restrictions have since been relaxed. The sympathetic understanding and active co-operation of our American neighbours have helped us to increase our dollar earnings, and the lowering of certain tariffs under the Geneva Trade Agreements and the use of ECA dollars for off-shore purchases have been of great assistance in keeping up our export level.

There must, however, be further improvement in the balance of our trade with your country. World trade is not yet back on a multilateral basis nor are currencies freely convertible. No longer can we balance our excess of American imports against the excess of our exports to the United Kingdom and other soft currency countries. In order for you to keep your valuable cash markets in Canada, we must expand our exports to your country if we are to avoid cutting down on what we buy from you.

The maintenance of a high level of trade between the United States and Canada will be mutually beneficial and will in the long run contribute to national income and employment in both countries. Fellow contributors in the efforts to rehabilitate Western Europe and restore international trade on the basis of mutual exchange, we can set an example to the world by opening the way to freer interchange of commodities across the Canadian-American border. This is the gospel we have been preaching in Western Europe - a policy of closer integration on economic questions. It might be well if we were to put our theories into practice at home.

#### Canadian Natural Resources

Canada has many natural resources as yet undeveloped or whose development is only in the initial stages. The iron ore of Quebec-Labrador will supplement and may even someday replace the diminishing deposits of the Mesabi range. Our petroleum industry in Alberta is only in its infancy but promises great things for the future. And so it is with coal in Alberta and titaniferous ore in Quebec.

The surface of Canada has only been scratched in turning our resources to industrial use. New frontiers are still waiting to be opened up in this field.

#### Markets for Canadian Manufactured Goods

Even more important than the development of our trade in primary products is finding additional outlets for our own manufactured products. During the war, Canada found that, by using mass production methods justified by the greatly increased demand, our unit costs compared favourably with yours. As a result of the experience gained in war years and due to expanded plant facilities and better equipment, Canadian industry is efficient and its costs are low. But to achieve the economies that make this possible, we must have mass production and we must have larger markets for our manufactured goods than Canada, with her limited population, can supply.

Only too often our growing manufacturing industries find themselves excluded from American markets. And yet it is our very industrialization that makes Canada your best customer. It is because we need more parts and raw materials, because we have a higher standard of living as a result of our industrial expansion, that we are able to buy more of your goods.