

A few facts will help fill in the picture. When the territory that is now Canada -- a territory which Voltaire once contemptuously dismissed as a "few acres of snow" -- was first being explored and settled, the major sources of wealth were cod-fish and beaver. It was with these natural resources of a wild land -- and sea -- that incomes could be earned. And it is still true that a very important portion of Canada's international trade is with the primary products of the farm, the forest, the mine and the fisheries of the rivers and the seas. There are certain basic commodities -- wheat, nickel, copper, lead, zinc, pulp and paper, timber, fish, asbestos -- of which we are large-scale efficient producers and with which we can compete in international markets. It would be unsound and unwise for us to try to switch labour and capital away from the production of these products and into the production of the various goods which we purchase abroad. And it would be equally unsound and unwise for our customers to try to get along without that economical Canadian production.

But the last generation, and particularly the last twelve years, has seen the development of extensive Canadian industrial capacity. Our early industrial undertakings were designed either to develop some product for the local market or to work up some raw material into a more valuable state than its raw form. A large portion of Canadian industrial capacity is still devoted to the preparation of primary products for the foreign market. There is substantial Canadian investment in mineral refining capacity -- indeed one of the most obvious examples is the aluminum refining industry established in Canada because of cheap hydro-electric power, but dependent upon imported bauxite ore.

But what is more significant, I think, is the rapid expansion of Canadian manufacturing. As I have said, manufacturing in Canada, as elsewhere, was first established to serve the local market. The First World War brought a rapid expansion, particularly in the metal-working industries. The twenties and thirties brought increasing diversification and the development of a considerable reserve of skills. But the great period of expansion, in which we are still engaged, began with the Second World War. The needs of modern war forced a rapid expansion of our manufacturing capacity. A good many of us used to think of Canadian manufacturing as being pretty high cost; we thought that most Canadian manufacturers could serve only the home market, that they would be unable to compete in foreign markets with the products of other countries where manufacturing firms had been longer established and where plants were somewhat larger. But the Second World War and the consequent expansion of Canadian manufacturing capacity changed that. Many Canadian manufacturers now compete in many foreign markets, and they feel sure that if import restrictions were removed they could compete in many others.

The expansion of Canadian factories has not made us more self-sufficient. Of course, certain articles which once had to be imported from abroad are now made in Canada. But our needs for manufactured imports have shifted to other articles. Given the complexities of modern production, and the variety of modern wants, there always will be large numbers of manufactured goods which we can obtain more cheaply