

## MR. HOWE SPEAKS ON WORLD TRADE

**CHAMBER OF COMMERCE:** Following is partial text of the speech of the Minister of Trade and Commerce, Mr. Howe, before the International Chamber of Commerce, at Quebec City, on June 13:

"...Perhaps I may remind you that what is now termed the dollar shortage and the exchange problem, is in fact the present lack of equilibrium in world production and world distribution. In pre-war years, we took the working of the international exchange system pretty much for granted, whereas now it is made to appear as the factor that governs present day trade policies. We are told that it is lack of dollars that is the root of our troubles. No one can take issue with the meaning of those words, but my fear is that undue emphasis on this aspect, and the possible over-simplification of the problem that may result from such emphasis, is likely to obscure other facts that are of fundamental importance.

## INTERNATIONAL FINANCE

"International finance rests on more than agreements between Governments, regardless of the good intentions of the parties concerned. Any working exchange system on an international scale must be based on largely increased investment in productive assets, on improved industrial and agricultural techniques, and on further development of our resources. It must also be based on the free exchange of goods and services. Your International Chamber of Commerce has consistently emphasized its belief that the hope of economic recovery and expansion, in the world today, lies in the freer movement of goods, capital, men, and services from one country to another. It is your purpose to create conditions that will be favourable to industrial and economic development in all countries. We are in complete agreement with that objective.

"The records of your last Congress point out that the first responsibility of Government is to maintain a climate in which people are encouraged to create for themselves the highest level of productive employment. This can best be done by encouraging private investment and by fostering vigorous competition. Taxation and other policies must be adapted to stimulate both enterprise and output. And, basic to all this, governments must pursue an international policy that will promote multi-lateral private trade. These are also the long-run aims and objectives of our Canadian economic program, and of Canadian trade policies.

"Our Canadian domestic prosperity depends largely upon our external trade. It is especially important to Canada that the scope and magnitude of international trade be expanding, rather than diminishing. It is for that reason that Canada has taken a leading role in all international measures designed to restore a sound and stable world economy....

"Canada's domestic economy is expanding on an unprecedented scale, with the result that our need for goods from other countries is constantly increasing. On a per capita basis, Canada is a larger importer than any other of the leading world traders, larger even than the United Kingdom and three times larger than the United States. More important, we are importers of manufactured goods. Most other countries are importing raw materials, rather than manufactured products. Such is not the case in Canada. Our industrial production does not cover the complete range of manufacturing industries that are required to carry out our industrial expansion. This will be the situation for years to come. As our exports increase, so will our imports expand.

## FREE PRICE SYSTEM

"We recognize that to insulate our economy from world competition would be to foster uneconomic developments which would inevitably bring in their wake higher costs, and lower standards of living. I believe that what is true of Canada is true of most, if not all, other nations. At present, we find in every civilized country an endeavour to work out some modification of the free price system, by which peaks and valleys may be ironed out--some plan by which a high level of employment may be maintained, coupled with a measure of stability to the primary producer. This objective is a development in the process of democracy in an increasingly complex world, and as such has much to commend it. However, great care must be taken in the use of whatever device is employed, be it bulk contract, floor price programs, pool arrangements, protection from outside competition by direct licence, or otherwise, to ensure that there is no undue influence on prices that may prejudice established and sound international trading relationships.

"There is an inevitable tendency, for countries that, through circumstances, cannot for the present permit unlimited imports from dollar countries, to trade among themselves, thereby building up a high cost area with which others can trade only with difficulty, or in the extreme, not at all. It must be acknowledged that with the breakdown in the system of multilateral payments that we used to know there are situations in which barter and bilateral deals must be undertaken in order to make goods move. The inherent weaknesses of bilateralism, however, are only too obvious. It encourages self-sufficiency under artificial conditions by providing absolute protection. In the short term there are, on occasions, some national and strategic advantages, but there are also very definite costs to be paid in such practical matters as the standard of living. The danger is that these measures, taken as a preliminary means of getting trade

moving, may set a pattern of international trade in which little or no consideration is given to the matters of cost and economic efficiency.

"Democratic nations cannot afford to let really basic trade relationships be permanently damaged. It is fundamental that nothing must be permitted to interfere, either with their unity of political purpose, or with their community of commercial relationships.

"This fundamental is hardly open to challenge, except in the sense--the very real sense--that it is not to be easily achieved. To preserve unity of political purpose alone is a great task, and in times like these, to preserve community of commercial interest is still more difficult, even among countries whose outlooks and aims are similar.

"There is always the possibility--indeed, almost the certainty--that the course taken by one country to meet its own interests will, in some respects, run counter to the long established commercial interests of another country. We have to face the likelihood that the overall process of economic reconstruction will carry with it some major degree of adjustment in commercial relations. The greatest single problem in economic statesmanship that looms up today is that of ensuring that progress is not made at too heavy a cost in the form of commercial cleavage--in the closing out of traditional and basically sound trade between individual countries, or between groups of countries...."

**COMMERCIAL FAILURES:** Commercial failures in Canada showed a further increase in the first quarter of this year to extend the upward trend of the last three years. Liabilities of defaulting firms also moved up. The majority of the failures occurred in Quebec, the increase over the first quarter of 1948 amounting to about 30 per cent. The gain in Ontario was comparatively slight.

According to the Bureau of Statistics, commercial failures in the first quarter of 1949 totalled 270 as compared with 203 in the same period of 1948, 120 in 1947, 54 in 1946, and 371 in the first quarter of 1939. First quarter liabilities amounted to \$4,196,000 compared with \$3,406,000 in the same period of 1948, \$1,432,000 in 1947, \$1,467,000 in 1946, and \$3,592,000 in the first three months of 1939.

Trading concerns failing in the first quarter of this year numbered 93 against 67 in the same period of 1948. The increase in manufactures was from 39 to 57, while service firms of different descriptions were 21 per cent greater at 51. The miscellaneous group, including construction and transport, showed failures of 48 compared with 30.

**RUBBER INDUSTRY:** Gross value of products turned out by the rubber industry of Canada in 1947 rose to an all-time high of \$196,308,000 as compared with \$159,408,000 in the preceding year, and compares with the previous record figure of \$181,413,000 in 1945, according to industry totals released by the Bureau of Statistics.

Sixty plants were in operation in 1947, furnishing employment to 23,475 persons who received \$46,614,000 in salaries and wages as compared with 22,055 employees earning \$37,813,000 in 1946. Ontario employed almost 72 per cent of the persons engaged in the industry and produced over 82 per cent of the entire output, while 28 per cent of total employment and 17 per cent of production was in Quebec.

Of the three main classes of products manufactured, rubber tires and tubes accounted for \$112,850,000 or over 57 per cent of the total, rubber footwear for \$35,927,000 or over 18 per cent, and other products for \$47,534,000 or over 24 per cent. Compared with the previous year, output of rubber tires and tubes increased in value by \$39,233,000 or over 53 per cent, rubber footwear by \$9,704,000 or 37 per cent, while other products declined by \$12,037,000 or over 20 per cent.

**WEEKLY WAGES:** Average weekly wages of hourly-rated personnel employed by leading Canadian manufacturers at April 1 amounted to \$42.08 as compared with \$41.97 at the beginning of March and \$37.02 at April 1 last year, according to the Bureau of Statistics. Average hourly earnings rose to 98.1 cents, a gain of half a cent over March, and an increase of 9.1 cents over April last year.

There was a slight decrease of 0.1 hours in the average working time reported in manufacturing generally during the week of April 1 as compared with the same period at the beginning of March, bringing the latest figure to 42.9 hours. At April 1 last year the average was 41.6 hours.

**WHEAT STOCKS:** Stocks of Canadian wheat in store or in transit in North America at midnight on June 2 amounted to 89,319,000 bushels, down 6,311,000 from the preceding week's total, but 36,223,000 higher than on the corresponding date last year, according to the Bureau of Statistics.

**STOCKS OF MEAT:** Stocks of meat held by packers, wholesale butchers, and cold storage warehouses on June 1 were down both from May 1 and the corresponding month last year, according to the Bureau of Statistics. Total stocks amounted to 72,541,000 pounds as compared with