

BALANCING CANADA'S TRADE BUDGET

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imports but only one-sixth of our exports, acceptance of the linear approach by us would provide much more scope for the expansion of sales of manufactured products in Canada than for the sale of Canadian products abroad. Such a course of action would obviously worsen rather than alleviate Canada's already serious external payments problem. We are, however, very much aware of the contribution that better access to foreign markets would make toward the sound development of secondary manufacturing in Canada. We are ready to pay full value for such benefits and accordingly have adopted an approach based upon the principle of giving concessions equivalent in value to the benefits received.

"These efforts by Canada to achieve balance in her international accounts and to reduce unemployment will be of considerable interest to the United States, since we are at once the largest single customer of the United States and its largest single supplier.

CANADA - U.S. TRADE

"It is relevant to observe, also, that all of Canada's current-account deficit, and more, is incurred in our transactions with the United States. In 1962, Canada's deficit with the United States amounted to \$1.1 billion made up of approximately \$500 million on commodity trade and \$600 million on non-merchandise account. In striving to reduce the overall imbalance in our current account, our policy is to seek out new markets wherever they can be found. It would not be realistic, however, to expect to bring our accounts into balance only by increasing our existing surpluses with major overseas markets. It is inevitable that any substantial improvement in our external-balance position will involve a reduction in our heavy adverse balance with the United States. In other words, Canadian producers must enlarge the disproportionately small share they now have of the North American market.

"It is our business to learn to be more competitive in the North American market. All that we expect from the United States is support for the principles of free enterprise and competitions, i.e. fewer

artificial obstacles to trade. In this regard it may be necessary to seek new ways of assuring that Canadian subsidiaries of United States parent companies have not only the freedom but also the incentive to maximize their sales both in the United States and other foreign markets as well as in Canada.

"As I have said, Canada runs a big deficit in its current account with the United States. This has been financed partly, but not wholly, by imports of capital from the United States. Thus Canada has not contributed to the United States balance-of-payments problem. Indeed we have contributed to its alleviation.

"Nor will a reduction in Canada's current deficit with the United States necessarily accentuate the United States balance-of-payments problem. To the extent that a smaller deficit on Canada's current balance-of-payments with the United States is accompanied by a smaller movement of capital funds into Canada, the United States will suffer no net loss of dollars.

"It will be clear from what I have said that I regard the present state of imbalance in our external accounts to lie very close to the core of the broader problem of economic development. Utilization of the unused and efficient domestic resources represented by this deficit would at one and the same time alleviate unemployment, raise incomes and thereby strengthen our internal finances, and by adding to private savings would permit greater reliance upon domestic as opposed to foreign sources of capital funds. So to utilize these resources, however, requires an all-round improvement in our economic performance, particularly in areas where we compete with foreign products.

"I have indicated that a trade surplus of about \$1 billion would be required to achieve balance on current account and that this may take time. There is, of course, nothing sacrosanct about an exactly even balance on current account. In circumstances of accelerated economic expansion accompanied by relatively full employment and high capital outlays, some continuing reliance on foreign resources would probably be justified. On the other hand, the eventual realization of a favourable balance on current account provides the only course to reduced international indebtedness and financial maturity as a national, which should over the years be our aim."

JUNE LABOUR INCOME

in paid workers in Canada in June received an estimated \$1,857 million in salaries and wages and supplementary labour income according to advances figures that will be contained in the June issue of the report "Estimates of Labour Income", issued by the Dominion Bureau of Statistics. The June estimate was 0.2 per cent from the May total of \$1,808 million and 0.3 per cent from last year's June total of \$1,753 million. About income in the January-June period reached an estimated \$10,522 million, higher by 0.5 per cent than 1962's first-half total of \$10,422 million.

Dr. Koller's research work, Dr. Koller obtained a scientific degree in the agricultural sciences from the Academy of Sciences in Budapest in 1923. He was elected dean of Sopron in 1924. Dr. Koller was published and delivered some papers on tree breeding, seedling and planting methods, planning and agriculture methods for farm forests. He wrote a book on seedling and planting, including the subjects of tree improvement, nursery management and testing methods and classification of land for new plantations. The book was printed in 1926 but never released because of Dr. Koller's exile from Hungary.