AFTER RECESS

The house resumed at eight o'clock.

Mr. Fleming: Mr. Speaker, on this matter of the processing of raw materials in Canada hear the authentic voice of labour. This following passage is taken from the joint submission by the Trades and Labour Congress of Canada and the Canadian Congress of Labour to the royal commission on Canada's economic prospects:

> We need hardly say that we are in favour of as much processing of our raw materials in Canada as possible, rather than exporting them in the raw. This has, indeed, been a basic principle of Canadian policy at least ever since 1879, when Sir John A. Macdonald introduced the national policy. It has not always, perhaps, been fully applied. But we think that now very few Canadians question it. They may differ about its application, or its applicability to this or that particular industry; but very few of them will seriously maintain that we ought to be a nation of hewers of wood and drawers of water.

The fact is, sir, that there are some in this country who do think that the future of Canada is to be measured in terms of the extraction of her raw materials from her soil for export. Indeed, that view was put before the royal commission by a very distinguished Liberal in this country. Sir, I quote a passage from an article which appeared in the *Globe and Mail* of January 9 on this subject, which reads:

> Up to this time, the cabinet has defended its policy of permitting a disproportionate export of raw materials. Between 1938 and the end of 1956, Canada's export of manufactures rose only 260 per cent compared with the total rise in exports of 411 per cent. If exports as a whole are a measure of increased economic activity, the export of manufactures clearly indicates that government policy is inimical to the growth of manufacturing, and hence to the creation of jobs which will support a sustained long-term drive for new settlers from abroad.
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> It is estimated that Canadian export of raw materials has created two million jobs in manufacturing plants abroad.

Mr. Speaker, that is surely a matter which can be viewed by Canadians only with the gravest concern. The view of Her Majesty's loyal opposition is that it is not the future of Canadians to be hewers of wood and drawers of water, but that the policy of this country should be directed toward seeking a balanced, diversified economy and the maximum processing of our raw materials right here in Canada for the creation of opportunities and employment for Canadians.

I pass now, sir, to the third of the phases of this national development policy, namely that it should correct the present serious unfavourable trade balance. When this matter was under debate last July, Mr. Speaker, you will remember that we pointed out three serious weaknesses in the Canadian trade position. First of all, we were to a dangerous and perilous degree placing all our trading eggs in one basket, namely the United States. Second, we were confronted with a record over-all trading deficit on commodity account, and, third, with regard to that country with which we do by far the largest trade we were faced with a huge and record trade deficit.

We pointed then to the fact that 73 per cent of Canada's imports come from the United States, while 60 per cent of our exports go to the United States. On the other hand, the trade that Canada is doing with the country with which we do the next largest trade, namely the United Kingdom, is only a fraction of that which we have been doing with the United States. Just 11.6 per cent of our imports were coming from the United Kingdom, and only 18 per cent of our exports were going to the United Kingdom.

What has happened in the interval? The situation has become much more alarming to those who will think. The fact is, as recent trade statistics report, that in the full year 1956 Canada sustained an adverse balance of trade with the United States of $1,290 million, by far the greatest in our history.

In our over-all trade with the world, Canada in 1956 sustained an adverse balance of $848 million, more than double the 1955 balance. This represents the fourth year in a row that Canada has sustained an adverse balance in her total trade with the world. These are alarming figures. While our exports to the world increased by only 11.8 per cent, our imports from the world increased by 21.2 per cent, over 1955 and the dangers which existed, and which we pointed out in July last, have become even more glaring since that date in the light of these figures. Moreover, Mr. Speaker, this trend toward trade deficits runs counter to the experience of most of the commonwealth countries.

The Minister of Trade and Commerce is having some trouble with his figures. When these figures to which I have referred—the increase in exports of 11.8 per cent and the increase in imports of 21.2 per cent last year—were the subject of a question to him on February 5, his answer, given at page 967 of *Hansard*, was that exports were up about 11 per cent and "imports were up about the same amount". That is tantamount to saying that 11 per cent is about the same as 21 per cent or, on the face of the figures, that $999 million, which was the increase in our imports, is about the same thing as $551 million, which was the increase in our exports.