

Presidential powers and in which Canada can play a useful part, is quite remote.

A final reason is the great effort which many Canadian exporters have made to get into the United States market when they were faced with declining sales in overseas countries. Although, as I have already mentioned, primary products account for the major increase in exports, nevertheless, the exports of secondary products to the United States have also increased substantially. This can be accounted for partly by the fact that Canadians are now processing many of their raw materials to a higher degree of manufacture than was the case before the Second World War. However, Canadian exports of manufactured goods have, on the whole, not increased commensurately with exports of primary materials. Many of our manufacturing industries have redirected their efforts towards the satisfaction of the needs of Canadian consumers rather than towards exports. It should be emphasized that a major reason for the high Canadian demand for domestic manufactured goods, is the Canadian prosperity which has resulted to a great extent from increased exports of primary and partly manufactured materials.

The fact that the United States was able to take much increased quantities of our goods at the time when overseas sales were declining is indeed fortunate for the well-being of the Canadian economy. Nevertheless, it is advisable that we attempt to develop greater diversification in our exports. Apart from the obvious danger of being overly-dependent upon one market, the United States is not now nor is it likely to be a satisfactory long-term market for such products as wheat, flour and manufactured goods. For this reason also the Canadian Government attaches great importance to overseas markets and has placed constant pressure on the British authorities for the relaxation of sterling area controls against dollar goods.

I believe that we should have clear minds on the future possibilities of exports of manufactured goods - particularly of those to the sterling area. Even if all restrictions against dollar goods were removed by the sterling area countries, I do not believe that we would quickly return to the quantitative level of exports of 1948, for example. The recent industrial development which has taken place in many overseas countries, including much of the sterling area, has been on a large scale. Australia, for example, has undergone industrial development only slightly less extensive than that of this country. Often this development has taken place under the protection afforded by exchange controls, import quotas and other restrictions. It seems likely, particularly in the countries where nationalism is strong, that this trend will be continued. Under such circumstances it is obvious that future Canadian exports of manufactured goods will be influenced by the extent of these changes. Further, we should remember that the high level of our immediate post-war exports to the sterling area was achieved largely because of the dislocation of the United Kingdom economy and its resultant inability to supply in sufficient quantity. This is not to be taken as a brief for the adoption of a do-nothing policy. The industrialization of our customers should actually lead to an expansion of Canadian export markets for components, equipment and basic materials, if we are allowed to compete.