

One of the most encouraging features is the development of our branch plant economy. These branches of U. S. plants are co-operating in working towards independence of imports from their parent companies, so that they may no longer be a drain on our U. S. dollar reserves. This is important, as of projects which have been dealt with under the Exchange Conservation Programme, U. S. branch plant investment in mining amounts to about 34% of the total, and in manufacturing about 46%.

We must all appreciate that Canada will be vulnerable to fluctuations in the world economy for years to come. Rich in natural wealth but small in population, we are, more than other countries, dependent on our exports to absorb the surplus created by large-scale production, and upon imports to round out our economy. Therefore, no effort must be spared to strengthen the position of Canadian products in world markets.

In the past, there has been a tendency to feel that we are not able to produce competitively with the U. S. Today, such an assumption is no longer justified. Canadian manufacturers have proved that Canada can produce goods which compare favourably in quantity and quality with those of any other country. We now have more technical know-how and a more skilled labour force. We have increased our industrial efficiency, and have acquired experience in large-scale production in many fields. We have cheap electricity, plentiful raw materials, efficient labour, excellent transportation facilities. Taking all these factors into account, and adding to them our expanding productive capacity, Canadians have every reason to be confident of their ability to produce goods that can compete with the world.

All things considered, it seems to me that the manufacturers gathered here are justified in viewing the future with restrained optimism. For the first time since the war ended, I have a definite feeling, based on known facts, that we will have a levelling off of our price structure at about present-day costs. Bountiful harvests give promise of more plentiful supplies of food, at lower prices. Supplies of raw materials, with the exception of basic steel, are becoming adequate to meet all requirements. Our export position is sound at the moment, although faced with uncertainties regarding the direction of international developments. The threat of another war cannot be ignored, but even that threat seems less imminent than it did a few months ago. The time is approaching when more emphasis must be placed on salesmanship and on the study of buyers' preferences, but that is a healthy development. Canadian prosperity stands at a level never before attained, and there are no signs of a recession. The splendid exhibits of our manufacturers, now on display in this Exhibition, are a further indication of the strength of the Canadian economy. I wish those gathered here every success in their future undertakings.

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