

RATES OF RETURN IN MANUFACTURING WERE CONSIDERABLY BELOW THOSE OF THE U.S., JAPAN, FRANCE AND GERMANY, IN 1982.

AND GO BEYOND STATISTICS TO LOOK AT TRENDS.

WITHIN OUR LIFETIME, JAPAN HAS GONE FROM TOYS, TO RADIOS, TO SHIP BUILDING, TO CARS, TO HIGH TECHNOLOGIES. NOW WE FIND THE SAME PHENOMENON IN DIFFERENT STAGES IN KOREA, AND HONG KONG AND BRAZIL AND MEXICO. A POTENTIAL FOR SIMILAR DEVELOPMENTS IS OCCURRING IN CHINA, THE PHILLIPINES, THAILAND AND INDIA. IN ANOTHER WAY, THE MEMBERS OF THE EUROPEAN COMMUNITY HAVE ALSO ADAPTED TO CHANGING REALITY, BY JOINING TOGETHER TO BUILD AND EXPAND THEIR COMMON MARKET.

TAKE ANOTHER TREND. THE VERY TERMS OF TRADE HAVE BEEN WORKING AGAINST THE RESOURCE BASE ON WHICH CANADIAN GROWTH HAS DEPENDED. IN THE 1950's, FOR EXAMPLE, CANADA SUPPLIED NINETY PERCENT OF THE WORLD'S NICKEL BUT COMPETITION FROM ABROAD HAS CUT OUR SHARE TODAY TO A THIRD OF THAT LEVEL. AND YET WE ARE BECOMING MORE -- NOT LESS -- DEPENDENT ON TRADE IN PRIMARY GOODS, WHICH ACCOUNTED FOR A QUARTER OF OUR TRADE IN 1971, AND A THIRD IN 1981. WE HAVE SIMPLY NOT BEEN AS FAST AS OUR COMPETITION IN ADJUSTING TO