

1920 to 1950. It is now beginning to reappear in our trade and production patterns.

"A merchandise trade surplus, which is the direct outgrowth of expanded output by efficient and competitive Canadian producers, would stimulate our production and increase employment. It will also help to finance the deficit on invisible account, and permit a further reduction in our imports of capital from abroad...."

#### OBSTACLES AND FRUSTRATIONS

The speaker warned that, for Canada's new trading policy, all was not "clear sailing":

"...Ranged against us in world markets are powerful competitors just as hungry as we are for a greater share of expanding international demand. Products from the United States, Britain, Germany, Italy, the Benelux countries, and Japan, for example, are competing with ours in every market, and even in Canadian households. Their economies have been rebuilt along modern and efficient lines. Their factories, equipped with the most-up-to-date machinery, and manned by workers whose wages are well below those in Canada, are turning out products of excellent quality and design. In many cases their products are lower than ours in price.

"In the Canadian market, our manufacturers are complaining of a flood of foreign goods, concentrated in such lines as footwear, textiles, electronic components, flatwear, chemicals, machinery and automobiles. We have encountered a most difficult problem in competing with the so-called 'low-cost' imports from Japan, Hong Kong and Singapore for example. These products penetrate deeply into our domestic market, causing genuine distress and dislocation in our industries. It is one of the most agonizing problems to rationalize, because these same countries are highly valued customers for our exports.

"Our engineering, construction and consulting firms, full of experience and highly developed as a result of their participation in our great domestic expansion, are now eager for contracts abroad. But here again, they are met head-on by equally experienced and highly competitive American, European and Japanese rivals.

#### DISADVANTAGE OF SMALL HOME MARKET

"Our domestic market, although it is a wealthy one, is small in size. This works to the disadvantage of our larger and more efficient manufacturers, many of which are unable to achieve the economies that flow from long production runs. Sometimes, too many manufacturers must share our limited domestic market and, as a consequence, none of them is able to secure sufficient volume for economic production...."

"...The West European nations have formed economic and trading arrangements, which began with the European Payments Union (EPU) and the Coal and Steel Community, aimed at con-

solidating and fortifying the productive and trade capabilities of the whole area. Out of these arrangements grew the Organization for European Economic Co-operation and, more recently, the European Economic Community, The Six and the European Free Trade Association, The Seven....

"We face the prospect that the United Kingdom may associate herself with the countries of the Common Market. Although we are sympathetic to Britain's need for closer association with The Six, the erosion of our Commonwealth preferences, which could be the result of this move, is a matter of serious concern to us.

#### LATIN AMERICAN TRADE GROUPINGS

"Following the example set by the nations of Western Europe, the Latin American countries have formed similar groups. I speak of the Latin American Common Market and the Latin American Free Trade Association. Although they present a less serious threat at the moment, they are a sign of the times and we must be conscious of their implications...."

#### UNSEASONABLE UNEMPLOYMENT

"Here at home, in 1961, we face a most baffling paradox. At a time when our national production and income, our exports, our standard of living, our personal incomes and our employment are at or near record levels - in other words, while we are enjoying general prosperity, we have unemployment and distress in a number of our secondary industries. Significant proportions of our manufacturing and natural resource industries are now owned and controlled by foreign interests. More than that, our balance of payments deficit on non-merchandise account, inflated by large sums to service foreign investment in Canada, has been climbing steadily.

"The solutions to these problems and the attainment of our national economic objectives lies in meeting the challenge of the Sixties...."

#### THE GOVERNMENT'S PROGRAMME

"We must mobilize our productive forces for a new and powerful surge into export trade," Mr. Roberts declared. He described the role of the Department of Trade and Commerce as "standard-bearer in this economic offensive" as follows:

"...One of the first major attacks in our offensive was to organize an Export Trade Promotion Conference last December, in Ottawa. This Conference caught the imagination of Canadian businessmen from coast to coast. Their response was beyond our most optimistic hopes. From their posts in every important market throughout the world, we brought home 110 of our trade commissioners. From all ten provinces, came 1,365 businessmen representing 1,133 Canadian firms to confer with our trade commissioners and senior officials of the Department. In the short span of two weeks,

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