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MR. WINTER'S WASHINGTON SPEECH

term prospects that they send hundreds of millions of dollars into our country for investment purposes?"

Turning to multilateral trade he pointed out that "Both countries benefit from the economic use of available resources. Canadians, I believe, willing to abide by the results of a multilateral trading system. They are ready to take their chances and let private enterprise show what it can do to further individual and national well-being. But Canadians would also like to see their major trading partners pursue similar policies.

"This kind of philosophy is basic to Canadian Government thinking, and it is supported, I believe, by the overwhelming majority of the Canadian people. You can understand then why Canadians are disturbed when tariff barriers are raised, import quotas are imposed in response to special pleas, or domestic industries are subsidized to keep competitive foreign products out of the country. . . ."

Speaking about the application of sound policies to the development of North American resources and the exchange of raw materials between the two countries he said, "I must emphasize before I turn to this subject: that I am not thinking only of bilateral relations between Canada and the United States, however important they may be, nor am I advocating a bilateral approach. The principles which I believe are sound in this respect apply equally well to the relations between each of our two countries and the rest of the free world.

"What we must all seek - and advocate - are policies that strengthen the forces of freedom throughout the world, that enable free peoples to live a happier and more abundant life and that increase their ability to withstand aggression from those who would destroy freedom throughout the world. . . ."

"There are, however, even more compelling reasons why the United States may look increasingly to foreign suppliers, including Canada, for many raw materials that can be produced abroad in large quantities and at low cost. I am referring to strategic considerations.

"In case of an emergency, partial or global war, the United States immediately turns to Canada and other external suppliers for large quantities of strategic material supplies. The United States did so three times within the memory of the present generation. But unless external suppliers are embarked on a continuing expansion of their natural resources, the creation of new capacity takes time. During World War II, it took us three years to reach peak output requirements to meet our own military needs and those of our allies.

"We have serious doubts whether an atomic world war would allow us the time we need to open new mines, build new plants, and construct storage and transportation facilities.

We are told by the military that time may be the essential element in another global conflict. But how much attention is being paid to this advice in our resources and industrial planning?

"... You may ask this question: If the American public is willing to pay higher prices by buying higher cost raw materials from marginal or sub-marginal suppliers at home so as not to displace some workers' jobs and disturb some operators' profits, why worry about it? If this were solely an American problem, I would readily concede the point, for Americans know best what is good for their country. Your economy is wealthy and big enough to afford some degree of inefficiency here and there, but other countries are not so fortunate. They have to compete in world markets. Their prosperity depends on a high level of world trade. Their standard of living would materially deteriorate if they did not keep their economics efficient and their industries competitive. Encouragement of high-cost, non-competitive industries may have only minor effects on the U.S. economy as a whole but it might have serious consequences on the economies of some other countries. This would hardly be the way of binding the free nations of the world into a strong bulwark against aggression.

DEVELOPMENT OF RESOURCES

"We do not think it is a selfish policy to recommend to the United States to buy from the cheapest raw material suppliers. We are not asking for special treatment either on defence grounds or because we are your neighbours or your best customers. What we would like to see the United States do is to adopt a policy that would encourage the long-term development of resources of the free world. In that process, you will encourage development of Canadian natural resources which are strategically located from your point of view. This will ensure you of a more adequate supply of raw materials should an emergency occur. It will give your raw material consuming industries and the general public the benefits of buying in the cheapest market. It will give us expanding resources industries and the wherewithal to buy even more from you than we ever did before.

"Canadians believe that the free world will reap the greatest benefits if the development of new low-cost resources is encouraged, their exchange facilitated and the exercise of sound business judgment interfered with as little as possible by Government action. In this field, as in many others, Canada, like other free nations, is willing to join with the United States in offering concrete evidence of readiness to help build a world in which all peoples can be productive and prosperous.

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Chemicals output was valued at \$230,050,000 in 1952, down 4% from the 1951 peak.