

Senator SMITH (*Queens-Shelburne*): If we interfere, for example, with the present flow of export grain to Japan by doing something which would make it more difficult for that country to send us certain quantities of their goods, it would create an awkward situation, and would likely cause trouble. As you know, we have had quite a large balance of trade in our favour with Japan, and it is hard to understand how we can maintain that large balance in our favour and not permit Japan to sell a certain volume of goods to us.

Mr. STYLE: You raise a very difficult point. However, this special committee of the Senate is studying manpower, and we cannot escape the fact that a million dollars worth of exported wheat represents less employment than a million dollars worth of fully fabricated or manufactured products imported from Japan.

Mr. J. D. CAMPBELL: Mr. Chairman, I would like to make this point as to the balance of trade between Japan and Canada. We must not lose sight of the fact that trade is not unilateral, but is bilateral, and the balance of trade with any individual part of the world is not essential to an over-all balance of imports and exports.

Secondly, in your comments about Japan, and whether or not we should continue to buy goods from them that might hurt our particular industry, I believe some effort could be made and some results obtained if in such circumstances as pertain to Japan we did a better job of searching out items we could obtain from them that do not directly compete with goods produced by facilities already in existence in this country.

Senator BUCHANAN: Who would initiate that searching and how would it be carried out?

Mr. CAMPBELL: I think the Department of Trade and Commerce through the industry associations could probably achieve quite a lot in that direction.

Senator BUCHANAN: Is it not true that a great problem is created by organizations which themselves sell goods, go into the markets of the world and buy the cheapest materials they can buy in order to compete with similar organizations? In other words, is it not a problem caused by wholesale purchasing and that sort of thing by distributors?

Mr. CAMPBELL: I am not quite sure that I understand your question, but I do not think that Canadian exporters are very large importers; I do not think the exporters are bringing in many products, if that is your point.

Senator BUCHANAN: No. The importer of course imports to sell.

Mr. CAMPBELL: That is right.

Senator BUCHANAN: Therefore to a great extent the responsibility to buy Canadian is left with him, and not with the individual who goes into the store to buy goods. It is the man who purchases for the store who has the first responsibility.

Mr. CAMPBELL: This is a view with which I have a great deal of sympathy, sir.

Senator BUCHANAN: How do you suggest we proceed in order to obtain more buying of Canadian goods by distributors rather than of imported goods? We have to deal with certain individuals and organizations.

Mr. CAMPBELL: There are a good many ways of dealing with it. To stay with the question of Japan, which started this part of the discussion, there are many ways of regulating the flow of certain types of goods out of Japan, whether it be by tariffs, quotas, or arrangements between the two countries. My point is that in order to carry on trade with a country I do not believe it is necessary that we trade in those products for which there are adequate facilities within our own country to supply the domestic market.