

## Strategic Considerations Relating to Resources Development

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?

We are all hoping that the only kind of war we may have to fight is, as your President suggests, a struggle against hunger and poverty. But until the foundation of international peace is more firmly established, governments cannot afford to overlook strategic considerations.

### Increasing Raw Material Imports VS. Subsidizing Domestic Producers

Now here, it seems to me, is the problem the United States is facing:

(1) You object to suggestions that raw material-wise, you are on the road to becoming a have not nation - and rightly so because these are not in accordance with the facts as we understand them.

(2) You hear about potential shortages of this or that material, but then some of your raw material producing industries complain about current surpluses.

(3) You are keenly aware of your strategic requirements for raw materials; you stockpile them; you are sympathetic to foreign commercial development that produces important standby capacity in case of war, but you feel your first consideration is to domestic suppliers even though these may be able to meet requirements only at higher costs than foreign suppliers. You justify this on the ground that domestic industry must be strong in the case of war.

Now, what does this all add up to? It means the encouragement of high-cost industries to meet peacetime demands in the United States and the keeping out of a number of foreign low-cost producers from your market. By denying