in relation to the market volumes available to it. I would like to comment here also on the highly efficient operations within this industry and to tell you that in some instances the custom built equipment turned out by our industry is higher in quality than those of our foreign competitors. Our products can be produced with less hours of labour.

(*b*) We have an international balance of payments deficit approaching $1.5 billion per annum so that a decrease in the imports of manufactured goods would not in any way affect the ability of the export industries to find markets for their produce through lack of exchange.

(*c*) Federal, provincial and municipal taxation in Canada is levied at the rate of $29.9 for each $100 of gross national product. If goods to the amount of our present international balance of payments deficit were produced in Canada instead of being imported, taxation revenues of over $400 million would be created as against import duties which would probably not exceed $150 million. This switch would materially help the exporting industries by reducing the burden of taxation falling on them and so improve their competitive position.

(*d*) Every million dollars of secondary manufacturing in Canada finds direct and indirect employment for some 200 people for a year. If our international balance of payments deficit could be wiped out by producing goods in Canada instead of importing them, it would mean employment for some 300,000 people which would bring our unemployment problem to manageable proportions and again encourage immigration. It would also reduce very substantially the $400 million to $500 million we are currently spending each year on unemployment insurance benefits which constitutes a burden on our resource exporting industries as well as on our secondary manufacturing industries.

(*e*) Although we have a large international trading deficit, our Canadian dollar today stands at a substantial premium which creates a great competitive handicap both to our resource exporting industries and to our secondary manufacturing industries for the home market. The premium on the Canadian dollar is entirely due to the heavy capital borrowings from abroad on account of our own slow rate of capital formation. A prosperous secondary manufacturing industry with its high rate of employment could be a most important factor in the speeding up of our rate of capital formation and reduction of our heavy borrowings of foreign capital. This would tend to reduce or eliminate the premium on our dollar to the great advantage of both the exporting resource industries and secondary manufacturing industries for the home market.

(*f*) Full employment and a growing population which can only be achieved by expanding our secondary manufacturing industries will bring with it increasing domestic purchasing power which will take up more and more of our surplus agricultural and primary products which at present have to be exported. This will mean a gradual easing of the problem of these industries in finding world markets for their products. In this connection, we think it is pertinent to quote the following extracts from the Canada Year Book 1959:

> Slaughtering and meat packing and the butter and cheese industry, two other resource-based industries appearing among the leading fifteen in value of shipments, were once important exporters but are now occupied in supplying the home market because the demand for their products from a larger and more wealthy population has increased faster than production.
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> The range of industries supplying domestic needs has greatly expanded and at the same time the major export industries are finding a greater market for their products in Canada. Growth stimulates growth.