

Economist, Mr. Irving Axelrod, advised that the majority of these packaging machinery imports are for high speed technological machinery. We estimate that approximately \$30 million of this total is sold in California. Several distributors felt that Canadian manufacturers will need to apply considerable effort to develop effective selling relationships with distributors in the State. This is particularly true in California since Canadians are competing with aggressive manufacturers from all over the world. Comments on U.S. and California imports of packaging machinery are given in a later section.

3.2 THE CALIFORNIA ECONOMY

The economic recession, which has drastically affected the industrial nations in the western world in recent years, has fortunately not affected California to the same degree. The State's inflationary growth in the 1970's gave way to recession in early 1980, although the severity of the downturn was of short duration at the State level. California's diverse economy base, which includes a myriad of modern industry and agriculture, is generally more stable and resilient than other states. The long-term economic outlook in California depends on success in reducing inflation which is still a major source of uncertainty although economists predict that the inflation in the nation will ease towards the third-quarter of 1982. Economists also point out that the economic issues facing California have become much more widely recognized and business, government, and individuals have begun to formulate plans and programs aimed at resolving them.