

discovery of excellent deposits in Canada, we have come to provide an ever increasing share of American requirements of these metals. Under these conditions, is it realistic to attempt to relegate us once more to the position of marginal suppliers when there is a temporary decline in demand? This, however, tends to be the effect of the restrictions imposed by the United States last fall on lead and zinc imports. We have also become a major exporter of petroleum to certain regions of the United States since the big oil discoveries in Alberta since 1948. Here, too, import restrictions have been instituted by the U.S. and the main burden of the recent decline in American consumption has been shifted to external suppliers. Trade barriers of this kind put back the clock and deny to both our countries the fruits of economic progress.

The manufacturing industry is another field in which economic growth and change have affected the relationship between our two countries. Before the first world war there were few branches of manufacturing in which we could compete successfully with U.S. producers. The stimulus of two world wars, the unprecedented growth of our population and the discovery of new energy sources have combined during the recent decades to make us a strong industrial nation. We are now selling a variety of manufactured goods in the United States. We would like to sell more, but frequently, high U.S. tariffs on manufactured goods prevent us from doing so. The United States has made much progress in reducing barriers to trade over the last two decades. We warmly welcome these developments. However, in the case of manufacturers many duties are still at prohibitive levels. Half a century ago it may have made good economic sense for Canada to export many of its raw materials to the United States and buy them back in the form of manufactured goods. This system is now out-dated, however, and it is not in the best interests of either of our countries to try to perpetuate it by artificial means.

### Trade Deficit

Up to now I have been referring to the economic changes which have been working for the advantage of the Canadian exporter. A look at the figures of Canada-United States trade over the last two decades will show that the U.S. exporter has benefited as much or more from the growth and development of our two countries. (From the five-year period 1935-39 to the five-year period 1954-58, U.S. sales to Canada have increased 8.7 times, compared with an increase of 8.3 times in our exports to them.) The opening up of new resources in Canada and the expansion of our industries have resulted in a large demand for many types of capital equipment manufactured in the United States. The remarkably rapid growth of our population and rise in living standards have opened up great opportunities for American producers of certain consumer goods.