

to fortune." Perhaps this is true also of nations. For one can usually mark a period in its history when each of the leading nations of the modern world seemed to gather strength and suddenly take great strides forward in wealth and power. I think it not improbable that Canada is passing through such a period.

It is as if each discovery and development leads on to others in a chain reaction. The turning point in Canada came with the discovery, after many years of disappointment, of a major oil-field on the Prairies. This discovery coincided closely with the uncovering of vast reserves of iron ore in Quebec-Labrador. Thus, almost overnight, Canada made good her two most serious deficiencies as an industrial power -- oil and iron. The development of these resources required the building of pipe-lines and railways and the provision of power. Quebec-Labrador iron provided the final and convincing reason why the building of the St. Lawrence Seaway is necessary without further delay to provide transportation for our expanding commerce.

I arrive at the conclusion, therefore, that this is not an ordinary boom, dependent upon re-armament or otherwise. Behind it lies something much more fundamental, which will persist for years to come, carried along by its own inner momentum.

I have also seen it suggested that Canadian prosperity and expansion are to a large extent dependent upon the defence preparations of the free world and that if, as the saying goes, peace were to break out, the structure would collapse. Any sudden reduction in defence expenditures, particularly here in the United States, would, of course, have a profound effect upon the course of business, not only in Canada, but throughout the world. But I do not think Canada would be any more sensitive to such a development than any other country, and probably less sensitive than many.

Let us not, however, concentrate our attention too much on what happens if economic prospects deteriorate. The fear of depression has obscured clear thinking about many economic problems and has, I believe, led on some occasions to serious errors of judgement in public policy in many countries.

My second major point in looking to the future is related to the first and yet it is distinct. It has to do with the abundance of our Canadian natural resources, which promise to give Canada an increasingly important place in world industry and trade. In Canadian-American relations, this means that the United States is becoming more important to Canada as a market. From your point of view, it means that the United States is becoming increasingly dependent upon Canada as a source of essential materials and supplies. In the Paley Report, it was said recently that, "the United States has crossed the great industrial divide and from being a nation with a surplus of raw materials has become a deficit nation". Reference was made in this connection to iron ore, copper, lead, zinc, timber and petroleum, for all of which the United States must look forward to dependence upon imports from the outside world.

Similar conditions of scarcity now exist in many parts of the world. Canada is at this same time in possession