

The outstanding example of progress in this field occurred in Alberta. I am referring to the important oil discoveries and the growth of the petroleum industry in the Edmonton area. I shall not attempt to discuss the full significance of Alberta oil, but I would like to indicate its importance from an exchange and trade viewpoint.

In 1947, imports of petroleum products were over \$200 million -- it was the largest item among all our imports. In 1948, due to increased prices and some rise in consumption, imports are likely to exceed \$300 million. You will appreciate the magnitude of this necessary expenditure of dollar exchange when I tell you that it makes up about one-fifth of the value of all our imports from the United States. This figure is greater than the total net trade deficit with the United States for the whole of 1948. It is almost equal to the total savings in exchange anticipated as a result of all the import restrictions imposed under the Emergency Exchange Conservation Programme.

Developments in Alberta oil have already been of appreciable assistance in saving United States dollars. Under the most cautious estimate, proven oil resources will contribute substantially to dollar savings in the years to come. If the extensive exploration currently under way both in Alberta and in the Northwest should prove as successful as the Leduc and Redwater discoveries, Canada may be well on its way to greater oil self-sufficiency in the years to come. It has been predicted that Alberta oil will supply all the needs of the Canadian prairies by 1950. Some hold out the hope that when the Alberta and Northwest oil resources are fully known and developed, Canada may become an oil-exporting country. The uncertainties of oil production rule out excessive optimism, but I can assure you that what we already know is enough to gladden the heart of a Minister of Finance concerned with the country's exchange problems. Nor is the significance of the Alberta oil development limited to exchange matters. We are just beginning to realize the transformation that may be wrought not only in the economy of Alberta, but in the economy of the whole country.

Government policy has and will continue to contribute to the further development of Alberta's oil industry. Exploration and processing facilities involve large outlays for plant and equipment with heavy outlay of United States dollars. Our import control of capital goods has been designed to encourage development of this kind, by seeing to it that exchange and supplies are available to the full extent of requirements. This is the type of dollar expenditure which we are prepared to meet to the limit as part of our plan to encourage the more rapid development of our natural resources. Taxation measures, by allowing generous allowances for exploration and research, have definitely contributed to the expansion of the Alberta oil industry. I can assure you that the Government will continue this policy to encourage and facilitate progress along these lines.

The expansion of exports and the contraction of imports has pared down the trade deficit with the United States from over \$800 million in 1947 to only \$275 million for the first 10 months. The improvement in our exchange reserves, and more particularly, the manner in which that improvement has taken place, has permitted the Government to introduce progressive relaxation of the trade and travel restrictions.

At the end of July the special excise taxes introduced to discourage the consumption of durable consumer goods with high dollar import content were lifted. Last October the Government announced the relaxation of import restrictions on a wide group of fresh fruits and vegetables. On January 1st there was a further relaxation of restrictions on the import of a considerable list of consumer goods and the restriction on personal purchases brought back to Canada by returning travellers was removed.

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