

out of Canada. We sent more coarse grains to Europe last year, as well as to the United States, and shipped more bushels of wheat, more barrels of flour and more tons of woodpulp and newsprint to our customers than we did in 1950. Three times as many automobiles were sold abroad as in the previous year. In the non-ferrous metals field, we shipped more tons of aluminum, nickel and zinc to help in the defence efforts of our allies.

Here on the Pacific Coast your ports are sharing in this increased volume of export trade. As the Minister responsible for the Canadian Wheat Board, I have been particularly interested in the movement of grain westward from the Prairies. The Pacific Coast always handles its share of the Prairie grain crop but this year, because of the competing demands for transportation down the Lakes and to the Atlantic seaboard, it has been good business to divert a larger share of the crop in this direction. Ordinarily about 60 million bushels of wheat move through Vancouver in a crop year. This crop year, we expect to move 110 million bushels. In addition, the elevator has been re-opened at Prince Rupert and grain is moving through that port.

Oh, I know you may say that the present situation is no indication of Canada's ability to compete on world markets under ordinary conditions. What will happen when the demands generated by rearmament have disappeared? You will not expect me at this time to analyze prospects for Canadian export trade. My only comment is this. The way in which Canada has been able to respond to the needs of her friends and allies for greater quantities of strategic materials is a pretty good indication that this country is an efficient producer.

Although exports attained record size, imports increased even more rapidly in 1951, by nearly one billion dollars in a single year. About three quarters of the increase was due to heavier purchases in the United States. The imports were needed to re-equip our armed forces with U.S.-type equipment, to purchase components for our defence programme, to obtain the increased supplies needed for our heavy investment programme, as well as to meet the requirements of the Canadian consumer.

On merchandise account, imports exceeded exports by some 122 million dollars. Now, this should not be taken as an indication of any basic weakness in the Canadian economy. A substantial deficit on trade account was not surprising in the year of our largest peacetime defence programme and of a new record in capital investment. Without those extra imports to supplement domestic production inflationary pressures would have been greater than they were.

There was also an overall deficit on current account in 1951. Yet, in spite of this deficit on international account, there was no decline in our reserves of gold and U.S. dollars. Why? Because foreign capital found Canada a good investment.

I apply, then, my third test to Canada's economic position. What do non-Canadians think about Canada? The best evidence of what they think is to be found, I suggest, in their willingness to invest in Canada, and in the value of the Canadian currency.

Some time ago, you will recall, there was a heavy flow of capital into Canada from the United States. There