

1949 INTERNATIONAL TRADE FAIR

(C.W.B. February 18, 1949)

CANADA LEADING EXHIBITOR: The preliminary applications for space, in the Machinery, Engineering and Plant Equipment section of the 1949 Canadian International Trade Fair, to be held May 30 to June 10, at the Toronto Exhibition Grounds under the sponsorship of the federal Government, show Canadian firms as the leading exhibitors, followed by the United Kingdom countries of Scotland, England, Wales and Northern Ireland.

Of the Canadian participants, six are appearing at the Trade Fair for the first time, three of the English firms are making their initial bow this year, with one Swedish and one United States firm included on the list of first-time exhibitors.

In the Iron, Steel and Non-ferrous metals section four firms have applied already that were not present at last year's Fair. Canada and the United States firms comprise the bulk of the exhibitors in this class.

Canada has the largest number of applications for space in the Electrical Tools, Motors and Supplies section, at this stage, followed by England and Czechoslovakia. Three firms in this category are making their initial appearance at the Trade Fair this year.

WIDE SELECTION

Finalization of applications which are still in the correspondence stage in the three above-mentioned classes should provide a very wide selection of products.

Firms already signed up for this year will show; automatic wheel-aligning, frame straightening and wheel-balancing equipment for the garage business, as well as precision devices for measuring and testing railroad wheels, and track repair equipment. Equipment and machinery used in the woodworking industry will be shown as well, air flotation separators for use in handling food, seeds, grains and minerals, plus specific gravity separators and concentrators.

Conveyor belts and systems, sheet metal stamping and forming equipment and fire escapes will be displayed, as will industrial diamonds for all purposes, diamond drill bits and expansion reamers. Hoists of various types and abilities, pumps, operating on the rotary, centrifugal and other principles, designed for farm, home and industrial purposes and small power driven chain saws will be displayed. Agricultural implements, machine tools, small tools and automotive equipment is scheduled for display, as are various types of cranes, winches, lathes, surface analyzers and micro-bore tools. Electric furnaces for analysis, smelting and heating will be on hand. Concrete machinery equipment of every description is to be shown along with anvils and vices, mining tools and carpenters' tools. Processing oils and industrial lubricants in a multitude of types and forms are announced. Textile supplies

and milling machinery are on tap, with marking machines that emboss, stamp, transfer and carry out all the various types of marking necessary in modern industry.

Mechanical loading shovels, complete with crane attachment and bulldozer blades, are on the way from England, along with carbon, alloy and high speed tool steels, torsion bars, coil springs, aircraft and automotive machinery parts, fork lift trucks, grinding machines, agricultural machinery, domestic and kitchen equipment.

The displays in the Electrical Tools, Motors and Supplies section, on hand at the time of writing, range through communications systems, telephone systems, radio broadcasting and public address equipment, electric organs for home, school and church, motion picture sound equipment. Wires and cables of all kinds for all sorts of industrial and domestic purposes is being shown. Power transformers of all sizes and voltages will be on display with electroplating generator sets, buffing and polishing lathes, rectifiers and tanks. Coin-operated radios will be shown.

The display at the moment in the Iron, Steel and Non-ferrous Metals section includes a newcomer to the Fair from Sweden with a metallic-resistance material for use in making electrical elements for industrial and domestic appliances. The product is called Kanthal. Domal high purity magnesium and magnesium alloys, calcium, barium, strontium and titanium will be shown, as will a wide variety of bronze name plates, memorial tablets, castings and bearings.

CHEMICALS AND RADIUM

Advance space-booking in the Chemicals and Radium section, of the 1949 Canadian International Trade Fair also reveals Canada as the dominant exhibitor as was the case last year.

On display will be radioactive materials for industry, research and medicine, radiograph capsules and accessory equipment for non-destructive inspection of castings and weldments. Of interest to the printing and textiles trades will be an Ionotron static eliminator. Phosphorescent and fluorescent paints will also be displayed.

Industrial chemicals to be shown include; calcium carbide, acetylene black, lime hydrate, burnt lime, acetic acid, acetic anhydride, acetone butyl alcohol and a host of others, representative of this field.

In the Manufacturing chemical field displays of anti-biotics, fine chemicals, reagents and medicinal specialities for use in the industrial, analytical and nutritional fields will be erected.

Paints for every purpose, plastics, explosives and ammunition, cements, solvents, household and farm sprays, varnishes, and myriad other chemical products are to be exhibited.

EXTERNAL INFLUENCES: External developments, particularly in the United States, exerted a major influence on the Canadian economy in 1948 according to the Annual Report of the Bank of Canada made public on February 14. In the Report, Governor Graham Towers reviewed the combination of forces which brought Canadian production, earnings and prices to new high levels and increased Canada's surplus of merchandise exports over imports from \$238 millions in 1947 to \$472 millions.

The Report called attention to the fact that trends in other countries had a direct bearing on conditions at home and were reflected in rising prices and costs. The removal of Canadian export embargoes on coarse grains, cattle and beef exposed our agricultural supplies and prices more fully to the influence of the U.S. price level, while the sharp rise in the price of key imports also had an impact on the cost of living in Canada. Although the physical volume of Canadian exports was probably no greater in 1948 than in 1947, the Report said, the maintenance of export volume of agricultural supplies placed a strain on our own resources as a result of the relatively light harvest in the Autumn of 1947. Continued strong demand for most of our exportable supplies produced higher prices for metals and many of our other exports.

The Report took notice of the high level of capital development in Canada but found that bank credit had accounted for only a small fraction of the total financing involved. Chartered banks' holdings of corporate securities increased by only \$17 millions in 1948 as compared with an increase of \$141 millions in 1947. A great deal of the capital expansion that did take place was financed out of depreciation allowances and retained current earnings. Mr. Towers pointed out that wartime deferment of investment and high current profits had combined to produce a heavy demand for capital replacement and development work but that, even so, a "materially smaller pro-

portion of the country's physical output was devoted to expanding and improving capital equipment in 1947-8 than in 1928-9.

In discussing the developments in bank credit the Governor reported that the rate of increase in bank loans slowed down during 1948. During 1947 chartered bank loans and investments, excluding Government of Canada securities, had risen by \$777 millions, out of which \$461 millions was in loans. In 1948 the increase was \$257 millions, of which \$145 millions was in loans.

He added "I believe that the banks have been fully aware of the need to avoid over-financing their customers although if there should be a reduction in the present volume of sales there will undoubtedly be many cases where businessmen and their bankers will be faced with the problem of excessive inventory and receivables".

Turning to the development of Canada's 1948 trade pattern the Report found several significant changes in its direction. One was that, while a smaller proportion of our imports came from the United States in 1948 than in 1947, a much larger proportion of our exports (\$1,523 millions out of a total of \$3,100 millions) were sold in that market. At the same time there was an encouraging increase in shipments to Canada from the United Kingdom and other sterling area countries, the value of our imports from these sources increasing by \$110 millions and \$36 millions respectively. Physical volume however was smaller than before the war and shipments to Canada constituted a smaller proportion of total United Kingdom exports and a much smaller proportion of total Canadian imports than pre-war. The Report pointed out that, to the extent that the United Kingdom and sterling area countries need to reduce their balance of payments deficit with Canada, it is desirable from every point of view that the emphasis should be on selling more to Canada rather than on buying less from Canada.

BANK CREDIT: Following is the text of a statement issued by the Governor of the Bank of Canada at a press conference on February 14.

The suggestion made to the chartered banks in February 1948 to the effect that, in general bank credit should not be used to finance business capital expenditures is believed to have produced helpful results, but conditions no longer seem to present a need for a general understanding of this kind. The Bank of Canada has informed the chartered banks of these views and has asked them to consider that its special interest in the matter has lapsed.

At the time the Bank discussed this question with the chartered banks early last year, there was reason to believe that the plans for capital investment by business firms in 1948

would involve a substantially greater use of labour and materials than was the case in 1947. Because the available labour, materials and equipment were already fully employed, it seemed likely that an effort to increase the volume of investment would serve only to drive up the dollar cost of capital expansion. In these unusual circumstances, it was particularly undesirable that activity in this field should be stimulated by bank credit.

Indications are that the extreme pressures which were generally present in the business capital investment field may abate somewhat in 1949. The Bank of Canada therefore feels that the suggestion which it made a year ago is no longer necessary or appropriate.