

DOLLAR HOLDINGS \$998,000,000: The Minister of Finance, Mr. Abbott, addressed the Edmonton Chamber of Commerce on January 5. His speech, in part, dealt with the results of the steps taken to correct Canada's exchange difficulties and to establish a closer balance in dollar trade. On this topic he spoke, in part, as follows:

"I am happy to be able to tell you that the program has worked with increasing success throughout the year. This success is shown in the steady rise in our exchange reserves. A short while ago I said that in future I intended to release the figures of official gold and United States dollar holdings on a quarterly basis. At that time I gave out the figures for September 30 last which then amounted to \$855 million. Today, I am in a position to announce the preliminary figure for the end of the final quarter of 1948. At December 31, five days ago, our official holdings of gold and United States dollar exchange had reached \$998 million. This figure compares with the low point of \$461 million on December 17, 1947, hardly more than a year ago. During this relatively short period our reserves have increased by no less than \$537 million. The December 1948 figure includes the sum of \$150 million, which is the proceeds of the long-term loan sold to three American life insurance companies last August. If we deduct the proceeds of this loan we see that our reserves have increased by \$387 million as a result of our improved trade position.

"I think you will agree that this improvement in our exchange reserves in so short a time is a gratifying achievement. The real significance of the improved position can be seen in the record of our foreign trade during 1948. Exports to all countries during the first 10 months increased from about \$2300 million to \$2500 million, an increase of nearly 10 per cent. Exports to the United States for this period increased from \$850 million to \$1200 million, an increase of over 42 per cent. From the point of view of the main objective of Canadian export policy during this period, namely the increase of exports to dollar markets and the achievement of a closer balance in our trade with the United States, this is

a most encouraging accomplishment, indicating in no uncertain terms that the constructive features of the emergency exchange program are meeting with a very considerable measure of success. While exports to the United Kingdom and Europe showed a decline, they remained on a high level. The off-shore purchase arrangements of the Marshall Plan enabled Canada to send a large amount of exports to the United Kingdom and Europe and to receive payment for a substantial proportion in U.S. dollars...."

Later the Minister warned that to the extent that the progress made was due to restrictions on imports, a program which the Government was pledged to abandon as soon as possible, and to the operation of the Marshall Plan, which was of a temporary nature, we could not look to them as "positive or final solutions."

CATTLE AND BEEF - \$100,000,000: The Minister of Finance, Mr. Abbott, addressed the Western Stock Growers Association at Calgary on January 6. He discussed the contribution made by the agricultural industry to the easing of Canada's exchange problem, and said in part:

"...The increases in exports to the United States occurred in a broad list of goods, but the largest relative gains were in agricultural products. I have already indicated how the concessions in the United States tariff which we obtained in the Geneva Agreements helped to pave the way. Export controls were removed on cattle, beef and coarse grains in accordance with the Government's declared policy of withdrawing emergency wartime controls as soon as circumstances permitted. This combination of measures had immediate results in bringing about a heavy flow of farm products to the United States market.

"Exports of live cattle to the United States jumped from \$11 million in 1947 to nearly \$53 million in the first 10 months of 1948. Exports of beef which were insignificant during 1947 rose to nearly \$15 million. Cattle and beef together accounted for an inflow of no less than \$67 million of United States exchange, and it is estimated that for the full year this figure will exceed \$100 million...."