

Supply—Trade and Commerce

trade figures show we did supply 56.6 per cent of total British imports of condensed milk in the pre-war year 1938.

The same argument could not be advanced, however, in the case of our export trade in apples where this has been largely a trade between Britain and Nova Scotia based on a cheap water haul.

In short, while it must be admitted that wartime levels of export trade or even moderately reduced levels were largely dependent upon Canada's post-war competitive position being more favourable than pre-war, the serious problem confronting Canadian producers in 1952 is not the maintenance of wartime levels of British export trade outlets or even moderately reduced levels; it is the fact that the level in 1951 has fallen below the pre-war 1938 level and even this low level is further threatened in 1952.

When this very serious threat to our export markets is brought to the attention of the public, the government says, in effect, "non-sense" and points first to some alternative markets found in the United States and then proceeds to say all is well—our gold and dollar reserves are substantially the same as they were—this is just Tory propaganda.

Nevertheless these facts go unanswered:

1. True, our dollar and gold reserves are substantially what they were before we started losing these markets, but were it not for the heavy inflow of capital into this country our loss of exports with which to pay for our imports would be taking Canada down the road towards a crisis.

The heavy inflow of capital cannot be expected to continue indefinitely and should not be considered as a permanent and satisfactory solution.

2. History of trade has shown that similarity of production in Canada and the United States often results in their having a surplus when we have a surplus production, for which we seek export markets only to find they have raised their tariff or utilized some other device to exclude us from their domestic markets.

Indicated serious loss of Canadian export markets in the United Kingdom, presently at levels below those of pre-war, and further threatened in 1952—coupled with the unstable alternative outlets found in the United States which are also gradually being lost to Canadian producers and are further threatened in 1952, makes this question of Canadian export trade, upon which one out of every four Canadians depends for a livelihood, a matter of urgent national importance.

A review of Canadian export trade figures since 1946 clearly indicates the dangers

involved in the present pattern of Canadian trade. Our exports to the United States have risen from 38 per cent to 65 per cent of our total exports while those to the United Kingdom declined from 26 per cent to 15 per cent.

The increase in exports to the United States is largely attributable to the fact we are exporting to that country Canadian raw materials, in the unfinished or semi-processed state, and for which there is a world demand. The continuation of this policy of exporting employment is detrimental to the standard of living in this country and contributes materially to retarding our development as an industrial nation.

The decrease in exports to the United Kingdom since 1946 not only reflects the falling off in wartime levels of export trade or even the moderately reduced levels which it was reasonable to expect, but in many cases they have fallen considerably below the 1938 pre-war levels and in the case of a number of products have been lost entirely to Canadian producers.

Our export trade to the United Kingdom last year showed an increase over the previous year—\$638 million as against \$472 million. This can be attributed to the following reasons:

- (a) Accelerated demand arising from the British rearmament program;
- (b) Increase in prices of about 14 per cent;
- (c) Efforts of the dollar-sterling board.

This improvement in 1951 is now seriously threatened by:

(a) The announcement by the Minister of Trade and Commerce on January 23, 1952, that sales from Canada to Britain under the United Kingdom token import scheme will be cut 25 per cent from last year.

(b) The announced import cuts of 500 million pounds sterling by the British government for 1952 to which must now be added the additional 100 million pounds sterling announced in the British budget presented in the British parliament on March 11 last.

Today we are confronted not only with a further loss of United Kingdom export outlet markets, but practically the entire sterling area which conducts roughly one-half the world's trade.

For the year 1952 this bloc which includes 64 countries has announced drastic cuts in imports chiefly from dollar areas. Of the commonwealth, all countries but India, Pakistan, Ceylon and Burma have already announced drastic measures to curtail imports. These countries have refrained so far on the ground that their standards of living now are at such a level that it is impossible to further curtail imports.