

It has been suggested that Canada and the other exporters were trying to extract an exorbitant price from the United Kingdom under the new Agreement. I hope that what I have said here will help to put the situation in its proper light. The maximum price of \$2.05 was offered as protection to the importing countries in return for the minimum price guarantee of \$1.55, which protects the exporters.

I have spoken about a matter that I know is close to the hearts of this audience, the prospects for trade between Canada and Britain. Now let me say a few words about a subject that is particularly close to my heart - the economic future of Canada.

I often see references to what is called the "Canadian boom." If this phrase implies that Canada is expanding and prosperous, the description is accurate enough. Sometimes, however, the word "boom" suggests a temporary and artificial prosperity, accompanied by inflation and excessive speculation, and ending inevitably in a "bust". In that sense there is no Canadian boom and anyone who goes to Canada looking for one will be disappointed.

Indeed what must strike most observers as remarkable is the almost complete absence of boom psychology in Canada. There was a good deal more excitement and speculation in the years prior to World War 1 when the wheat areas of the Prairie West were being brought under the plow and, of course, in the late 1920's, when boom psychology was rampant. Yet, at present, the country is expanding about as rapidly as during any period of its history and on a much broader front.

Even before the outbreak of war in Korea, and the accompanying increase in defence preparations, capital expenditures in Canada were running at high levels and rising. Unemployment was at a minimum. We were just at the beginning of a new industrial era. Korea necessitated some change of direction to give priority to the production of essential materials, but it made little difference to the overall rate of expansion. The economy was already working close to capacity and showed every sign of continuing to do so.

It has been as if each discovery and development leads on to others in a chain reaction. The turning point in Canada came with the discovery, after many years of disappointment, of a major oil field on the Prairies. This discovery coincided closely with the uncovering of vast reserves of iron ore in Quebec - Labrador. Thus, almost overnight, Canada made good her two most serious deficiencies as an industrial power -- oil and iron. The development of these resources required the building of pipelines and railways and the provision of more hydro-electric power. Quebec - Labrador iron provided the final and convincing reason why the building of the St. Lawrence Seaway is necessary without further delay to provide transportation for our expanding commerce.

I have seen it suggested that Canadian prosperity and expansion are to a large extent dependent upon the defence preparations of the free world and that if, as the saying goes, peace were to break out, the structure would collapse. Any sudden reduction in defence expenditures, particularly in the United States, would, of course, have