

This applies to several of the base metals, to pulp and paper and various other forest products, to hydro-electric power, to iron ore and steel, and to crude petroleum.

In the depression of the 1930's, Canada was more vulnerable because, at that time, many of our industries were high-cost, marginal producers. The major importing countries found that they had sufficient domestic production available to meet their own needs. The underlying situation has been greatly altered in our favour. In countries such as the United States, known reserves of certain materials have become depleted, while Canadian supplies are still abundant. In many of our basic industries, we have ceased to be a marginal producer and are in course of becoming the most efficient producer.

Canada has long been the most efficient producer of aluminum and is presently supplying about one-quarter of the world demand for that metal. That position is being strengthened by the new Kitimat development in British Columbia, which involves diverting a river and building a power house one-quarter of a mile inside a mountain through which a ten-mile tunnel is being cut. When the Kitimat development is completed, it will have one and a half times the capacity of Arvida, and will further strengthen the position of Canada as the low-cost world source of supply for aluminum.

Our position in iron ore and steel is being strengthened by developments in Northern Quebec and in Labrador. Steel constitutes the basis of industrial society in the most highly developed countries of the world. New sources of iron ore and the vast expansion of our steel industry promise that Canada will be a low-cost producer of this basic metal. There are many developments of this kind in progress in Canada, which mean that Canada is strengthening her commercial position in the world. When peace and security have again become assured, other countries will continue to need our basic materials.

You will spare me the task of trying to guess for how long a time the present demands for defence and re-armament will continue. I would not suggest that the time will be short, but however long the job takes and however difficult it may be, we shall see it through. That there will be periods of temporary difficulty in the years ahead, you may be sure. All that we can do is to move in the direction of seeing that Canada is in the best possible position to cope with any difficulties that may arise.

There is a moral in all of this. We in Canada will continue to grow in importance as world exporters, as long as we remain competitive. Our objective should be to expand our production, wherever and whenever we can meet the test of low unit costs. Just as we must combat the inflation of our currency, so we must guard against the development of uneconomic enterprises and hothouse protectionism, all of which would weaken us in the long run. In this I find I am in agreement with the large majority of responsible industrialists with whom I have the opportunity of discussing these problems.

I have stressed the role of primary production in our export trade, and the strength derived from this by the whole of our national economy. Producers of manufactured goods, too, have participated in our booming markets,