

As a result, our official reserves of gold and U.S. dollar exchange, which had fallen to a low of \$461 million on December 17, 1947, increased to \$998 million as at December 31, 1948. Of this increase, the sum of \$150 million represented the proceeds of the long term loan sold to three American life insurance companies last August. The rest was due to our improved trade position. This marked improvement in our foreign exchange reserves allowed us, at various times in 1948, to relax our import restrictions. We hope to make further relaxations from time to time and I can assure you that we do not wish to keep up for a day longer than is necessary these unpopular and undesirable barriers to trade and travel between the two countries.

It would be misleading, however, to exaggerate the significance of our improved position. To the extent that the improvement has been the result of increased exports to the dollar area, it is evidence of the initial success of our long term positive program. To the extent, however, that it is due to the restriction of imports, a program which we are pledged to drop as soon as possible, and to the operation of the ECA program which is of a temporary nature, we cannot look to them as positive or permanent solutions. We must make a great deal more headway with the positive or expansionist part of our program before we are confident that we are really out of the woods. Failing the restoration of a world in which trade can be carried on on a multilateral basis and with convertible currencies, this really means that we must achieve a much closer balance in our trade with your country. In the split and troubled world in which we live today, we can no longer afford to buy \$2 billion worth of goods from the United States and sell you only \$1 billion worth of goods in return. However much we might like to do so, we simply cannot continue on that basis.

In the recent past there has been a number of economic developments in Canada which give promise both of a better balance in, and also of a substantial expansion of, our mutual trade. What I have in mind is the discovery of vast supplies of important raw materials; iron ore in northern Quebec and Labrador; uranium in the northwest; oil in Alberta and titaniferous ore in Quebec. As these are developed, they should lead to a further tremendous expansion in our production and economic power and to a strengthening of our trading position with the United States.

By any standard of measurement then, Canada has grown and is growing as an economic power. Indeed that growth has been phenomenal. In physical terms, it has nearly doubled our production. It has placed Canada third amongst the trading nations of the world. It has given our people a standard of living surpassed only by that which you enjoy.

It is obvious that this growth in economic power has been possible, and natural that it should have brought with it substantial improvement in the second of the two fields to which I have referred. During the last decade Canada has made rapid strides as a social organism, that is to say, in assuring to its people reasonable standards of social wellbeing. Educational facilities and services, general and vocational, have been vastly improved and extended. In health, recreation and other community services we have also made progress. In housing as well, though here acute shortages of materials and skilled labour have made it difficult to keep up with the demands of a rapidly rising rate of family formation and a rapidly rising standard of living.

We have also made progress towards the attainment of a greater measure of social security. In this field perhaps it is natural for a Minister of Finance not to be unduly sentimental but to appraise results in terms of the extent to which a program of this sort strengthens the economy, increases production by assuring a more intelligent and more healthy population, lessens the haunting worry of unemployment and family illness that might otherwise impair morale and productivity, makes systematic provision

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