

The Address—Mr. St. Laurent

either written off or reimbursed in commodities. We will have to take goods for everything owed to us—or take nothing.

It is true that at the present time part of our overseas exports are dependent upon the continued extension of United States credit and grants to Europe. Perhaps we would not lose very much of our present sales to Europe through ECA offshore purchasing if this were discontinued. But it would be an important fraction, particularly to some individual groups and areas, if it were not offset by increased imports from Europe. Our own balance of payments position now gives us very little room to extend further credits ourselves.

At the same time a significant amount of our industrial raw material and consumer goods requirements is dependent on our finding the United States dollars to meet our deficit there. We are therefore in a vulnerable position on both export and import accounts. That is why the development of our resources, particularly in such things as oil and iron for which we are so heavily dependent on the United States, is of double advantage. It expands our own production income and wealth, and it helps meet the United States dollar problem to which our trade is so vulnerable.

May I give only two examples, one of the saving of United States dollars, and the other of the earning of United States dollars. Our exports to the United States in 1947 were valued at about \$1,056 million, while in 1949 they were \$1,524 million. This is an increase of half a billion dollars in 1949 over 1947.

In 1948 our petroleum imports were valued at \$301 million, and in 1949 we had reduced them to \$274 million. The crude we produced in Canada in 1948 amounted to 12,287,000 barrels at an estimated value of \$37,419,000. The crude produced in Canada in 1949, to the extent of 22,210,000 barrels, had an estimated value of \$62,333,000.

We believe, and indeed I should think everyone in the house believes, that there are oil resources in Alberta sufficient to equal the consumption of the whole Canadian nation. It may not be possible or economical to deliver that oil to consumption points throughout Canada. But we can hope that what we will have over the requirements of those who can get it at economical transportation costs can be sold elsewhere so as to provide us with the dollars necessary to continue to purchase from the United States equivalent quantities to be consumed in eastern parts which are not accessible, under economic conditions, to the oil wells of Alberta.

Then, concerning the export of iron ore, I have before me only those figures for the Steep Rock mine. They show that in 1948 there were 670,000 tons, and in 1949, 1,068,000 tons. That is increasing; and there are prospects from the tremendous deposits in north-eastern Quebec and Labrador. There are possibilities of tremendous expansion in the export of titanium ores from the north shore of the St. Lawrence river.

I believe we have reason to look to the future with some confidence. We have these balance-of-payment difficulties, but we expect our balance of payments with the United States will be improved during 1950. On the other hand, for reasons which are not within our control or significant influence, we must accept some reduction in our sales to the rest of the world. The net over-all effect is estimated to be that our 1950 imports will remain at the 1949 level, although with some change in national sources of procurement. We hope that more will come from sterling sources and less from American-dollar sources.

Our total exports and our balance of trade may be down as much as \$250 million. This has serious implications in that it will be borne unequally by different industries and different areas, and it will contribute to the spotty nature and rather specialized soft spots of our economy during this year. However, that should not be a major factor in increasing unemployment.

Up to now, thanks to the buoyancy of the domestic market, many of the manufacturing industries adversely affected have been able to replace lost export sales with domestic sales. More adverse effects may be felt by some relatively specialized groups of primary producers for whom Europe has been the chief, or price determining, market.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. St. Laurent: Mr. Speaker, the last point I was endeavouring to make before the dinner recess was that the two major factors expected to have a significant influence on the level of employment and income during 1950 were the level of our domestic investments and the level of our overseas exports. It is true it so happens that in dollar terms the rise in domestic investment will just about offset the expected drop in the volume of our overseas exports, but we must recognize the fact that things will not average out