

We are better off than we were ten years ago, partly because nearly everyone who wants a job is working. We have what has come to be called "full" employment, with unemployment, practically non-existent and with a real shortage of labour in certain sectors of the economy. The disappearance of unemployment, however, does not account by any means for all the increase in national income. There has also been a very substantial increase in productivity. This has been made possible by a vast increase in mechanization in our primary industries and by rapid acceleration of the industrialization of our economy. Into four or five years of the war period we concentrated an expansion in industrial plant and equipment that would normally have required more than a decade to achieve. We enormously diversified our productive mechanism and, what is more important, we found that we could make the most complicated types of equipment efficiently and at least in many cases as economically as any other country. There was a time when we feared that the end of the war would leave us with a huge area of vacant factory space and a large amount of idle equipment. But that is not at all what happened. On the contrary, our business men found it possible quickly to convert our wartime industrial capacity to peacetime uses, and found it necessary to increase enormously their investment in plant and equipment. In fact, the total capital investment in Canada -- investment in industrial plant and equipment, public utilities, housing, public projects, etc. -- has been proceeding at a wholly unprecedented pace -- a pace even more rapid than that which prevails in your country, and one which is straining our resources of labour and materials and contributing to an upward pressure on costs and prices.

Our increased output of foodstuffs, raw materials and manufactured goods has been reflected in the rapid expansion of our export trade. As you are no doubt aware, however, the traditional market for a substantial portion of our exports has been Western Europe and since the end of the war we have had to finance a substantial portion of these exports by loans and credits. We felt it of the utmost importance in our own interest as well as the interest of world peace and prosperity to promote the rapid recovery of the war-torn countries. In proportion to our size and resources, we have, I believe, done as much as any other country, including your own, to achieve that objective. But the necessity of selling part of our exports for credit, coupled with heavy imports from your country for which we paid cash, resulted in a heavy drain on our exchange reserves, which, of course, consist of gold and U.S. dollars. So severe was this strain that in November 1947 the Canadian Government was forced to take drastic measures. At that time severe restrictions were placed on the imports of a great many commodities, and Canadians who wished to travel in the United States for pleasure purposes were limited as to the amount of U.S. dollars they could purchase. Many articles, such as fresh fruits and vegetables, textiles and clothing, automobiles and electrical appliances, which Canadians had imported in huge quantities, were either banned or placed on a quota list. I need not tell this audience that no Canadian, least of all myself, liked the restrictions. On a personal basis we Canadians do not like to have our supplies of imported goods cut short and our visits to friends and relatives south of the line restricted. And on a national basis, we as a great trading nation, do not like to have to put up barriers to international trade, barriers which we have long deplored and which we have worked so hard at the Havana and Geneva Conference to reduce.

Fortunately, we have found in our friends to the South that same spirit of sympathetic understanding and co-operation which has come to mark all our dealings with each other. The active assistance of American firms in finding ways and means to increase the U.S. dollar earnings of their Canadian branches or subsidiaries or to reduce their use of such dollars, lowering of certain U.S. tariffs under the Geneva Agreements and the use of ECA dollars for offshore purchases in Canada, have all been of great value to us. On our side, Canadian business men have made a heroic and highly successful effort to expand dollar markets for Canadian goods and Canadian consumers have co-operated with the Government in a most encouraging fashion.

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