

and hard work of the individual. Governments can advise, encourage and assist, but under our system they cannot compel.

The honourable the Leader of the Opposition (Hon. Mr. Macdonald), when speaking of our improved export position, found it, I believe his words were, "disagreeable and disturbing" that since the change of Government Canada had gone from the fourth to the fifth place among the trading nations of the world. This may be a matter of regret, but not of any greater regret than when Canada slipped from third to fourth place under the previous administration.

A nation's standing as a trading nation is determined by adding together its exports and its imports. Some countries of the world which are more self-contained and self-sufficient than others can maintain a very high standard of living while importing comparatively little and exporting little. As such they do not rank very high among the trading nations, but that fact provokes no comment on their economic health.

Canada is of course a great world trader and we must import and export a great deal. However, what is most important to a country such as Canada, with a high content of foreign investment and heavy expenditures abroad for travel and other services, is the relation of her exports to imports. As you all know, it is indicated that this last year saw our first surplus of merchandise trade exports over imports since 1952. This Government is determined to encourage this favourable trend, and my later remarks will deal with the many things that are being done in this respect.

The honourable Leader of the Opposition (Hon. Mr. Macdonald) regrets that while exports have grown in the last decade they have not grown as quickly as the Gross National Product. This may be so, but it hardly provides a ground for argument. A host of factors, both domestic and foreign, contribute to determine the growth of the Gross National Product, and another host of factors determine the level of our export trade. Some of these, but by no means all, are common to both situations. The Gross National Product undoubtedly has an effect on exports, and vice versa, but there is no reason to expect an intimate relationship between the two. What is germane is that governments do everything possible within reason under the prevailing circumstances to improve both, and in this regard the present administration has an impressive record as compared to that of the previous Government.

I was rather amused when the honourable Leader of the Opposition referred to the busyness of the printing presses in relation to money supply. One of the functions of Government, of course, is to regulate the money supply, and it is common knowledge

that if the supply of money becomes too great in relation to goods and services available, inflation results and, if it is too small, we have deflation. I should have thought that this question is one which the honourable Leader of the Opposition would approach with extreme caution. If the money supply is being increased too quickly by this Government then inflation will surely result.

But, what is the record? The following table sets out the rise in the annual consumer price index between the years 1955 and 1961.

Years	Rise in points
1955-1956	1.7
1956-1957	3.8
1957-1958	3.2
1958-1959	1.4
1959-1960	1.5
1960-1961	1.2

If the greater volume of money mentioned by the honourable Leader of the Opposition had not been needed in our growing economy the record would have been quite different. In fact, the efforts of this Government to so regulate the money supply are immeasurably better than those of the former administration. In the eight years prior to 1957 the Canadian dollar lost 25 per cent of its purchasing power, and another dangerous inflationary trend had set in before the change of government in 1957. As the D.B.S. figures clearly show, the present Government was able to reverse this trend and so protect the purchasing power of our dollar.

There is just one other matter that I wish to refer to, and that is the complaint of the honourable Leader of the Opposition (Hon. Mr. Macdonald) about deficits. In this connection I am reminded of a statement made recently by the Minister of Finance to the effect that had it not been for the extremely large payments made by the federal Government to the provinces in recent years there would have been no deficit.

Those are my preliminary remarks, honourable senators. I hope I will not detain you too long, but my main remarks today have to do with what the Government is doing to stimulate the economic growth of the country, with particular emphasis on export activity.

Everyone is aware that in the year 1961 there was a marked and a welcome improvement in Canada's economic fortunes. Everywhere I go I sense a spirit of optimism which itself, I feel, will contribute to our continued progress and prosperity.

As I have mentioned, preliminary year-end figures now indicate that we achieved in 1961 a surplus in our merchandise trade balance. In other words, the total value of