

**Hon. Mr. Euler:** What is our reserve of American exchange in gold now?

**Hon. Mr. McKeen:** That, I think, is on the official secrets list. The last figure was about \$1,300 million. The amount is sufficient, and that is the reason why the government is relaxing restrictions on imports. As our reserves build up the government removes import controls, and then there is more buying, which in turn brings down the reserve again.

As to our trade with the sterling area, it appears that our total exports in 1950 will amount to \$750 million and total imports to \$600 million, leaving us with a surplus of \$150 million. Of course that means a deficit of \$150 million to the sterling area in its trade with us, and the stage is now being reached where countries of the sterling area are relaxing restrictions on the purchase of supplies from Canada, a policy which will increase our total trade still further.

So from Canada's standpoint the trade picture looks very healthy. I think a great deal of credit is due to the government, and particularly to the Right Honourable C. D. Howe, Minister of Trade and Commerce, for achieving in about three years a balance in Canada's export and import trade with both the dollar area and the sterling area.

Because of the tremendous trade we have built up we can take on a defence program of even \$1 billion without too badly disrupting the business of the country. In March of this year it was estimated that our gross national product would amount to \$16 billion 300 million, but by mid-year the estimate had increased to about \$17 billion. So a defence budget of \$1 billion would not have a very serious effect upon the country.

**Hon. Mr. Crerar:** Is my honourable friend speaking of gross national product or of national income?

**Hon. Mr. McKeen:** Gross national product, which includes wages, salaries and production.

**Hon. Mr. Crerar:** The important figure is net national income, is it not?

**Hon. Mr. McKeen:** No. The figure I have given shows the total turnover.

**Hon. Mr. Lambert:** May I ask the honourable senator if he is able to state what proportion of that increased export business is due to the expenditure of United States funds in Canada on E.C.A. account?

**Hon. Mr. McKeen:** No, I have not that figure, but I know that it has been decreasing year by year. The amount of E.C.A. dollars expended in Canada three years ago was greater than this year.

**Hon. Mr. Lambert:** I understand it is still considerable, around \$300 million or \$400 million a year.

**Hon. Mr. McKeen:** That is possibly so, but our total exports this year will run to about \$3½ billion. In other words, the E.C.A. money is less than 10 per cent of our total exports.

**Hon. Mr. Lambert:** The figure I am referring to is only the amount of money expended in Canada for exports to Britain and other European countries on E.C.A. account.

**Hon. Mr. McKeen:** Our total exports to the sterling area this year are down to \$750 million. There has been a big drop here. In 1949 the trade amounted to \$1,700 million, and in 1941 to \$1 billion. It can be seen that despite our loss of E.C.A. dollars our total export trade has been good. That is one of the reasons why I think we can carry out this program without very much disruption of industry in Canada. The government has seen fit to ask for controls only as and when they are required.

I may point out that our expenditures for new investment purposes this year is about \$3 billion 700 million, which is an increase of 8 per cent over 1949.

**Hon. Mr. Euler:** May I ask a question, which perhaps is not appropriate at this time? Of the hundreds of millions of dollars which Canada loaned to Great Britain and certain European countries, how much is still available for the purchase of goods in Canada?

**Hon. Mr. McKeen:** I do not have the current figures, but when I checked a year ago I learned that the amount to the credit of the United Kingdom was then about \$100 million. It is probably now down to less than \$50 million.

**Hon. Mr. Euler:** Have the other countries, such as France for instance exhausted their credits?

**Hon. Mr. McKeen:** Other countries had, as I remember, a small balance. I think some left a little money just to keep the account open. My memory is that France had pretty well exhausted her credit. If my honourable friend wishes accurate figures, I shall be glad to get them for him.

**Hon. Mr. Hayden:** Would my friend permit a question? Does the \$750 million for export trade apply to the United Kingdom or to the sterling area?

**Hon. Mr. McKeen:** To the sterling area.

**Hon. Mr. Hayden:** Have you the total figures of exports to the entire sterling area?