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STABILITY OF A FREE ECONOMY

As for the present year, 1953, this promises to be another banner year in Canadian economic development. In 1952, our gross national product, that is the total output of finished goods and services, was \$23 billion. On the basis of latest estimates, we may confidently expect 1953 production to attain more than \$24 billion. This increase of more than \$1 billion will be entirely attributable to an increase in the physical volume of production, for the price level has declined slightly over the past eighteen months.

Particularly significant is the fact that the rate of Canadian expansion as measured by capital expenditures continues to rise. At regular intervals my Department makes a survey of the investment intentions of business and government, and, according to the latest compilation, there will be an increase in capital expenditures in 1953 of about 9 per cent over 1952 which was, of course, a record-breaking year.

On the consumer side, labour income for the first part of 1953 shows an increase of approximately 10 per cent over that for the same period of 1952. Retail sales showed a 6 per cent growth. It is significant that with the rise in investment outlay, in labour income, and in retail sales, there has been relative stability in prices. In fact, apart from a slight upturn recently, the trend in both the consumers price index and the wholesale price index has been downward over the past eighteen months. An inflationary threat is no longer with us.

The volume of Canadian trade, although somewhat smaller than a year ago, is still at very high levels by any normal standard. Imports during the first half of 1953 are indeed even higher than they were in the first half of 1952, which is a reflection of our continuing prosperity and expansion. Exports, on the other hand, are somewhat lower than they were in the first half of 1952, reflecting in the main some closing in of markets for manufactured goods in dollar-short countries and some price declines for important Canadian staple exports.

While I am on the subject of exports, I should like to make a few remarks about the current grain situation. To those of you who come from Western Canada, it is hardly necessary for me to emphasize the importance of grain to the whole Canadian economy. Let me remind you of a few facts.

Over the past ten years, the average value of the Western grain crop to the farmers who raised it was \$989 million. The average annual value of all metals produced in Canada during the same period was \$478 million and of all primary forest products about \$455 million. Western oil has attracted the attention of the world, and so it should, but it will be a long time before oil begins to rank with grain as a

source of wealth. The 1951 grain crop is the last one for which there has been a complete accounting. The value of the grain crop of that year was \$1,500 million. In the same year, the value of oil produced was about \$120 million. It is true that the production of oil in 1952 increased to \$142 million but 1952 also established many new records for Western grain.

Last summer, the Prairie Provinces produced 664 million bushels of wheat. The previous record was 545 million set in 1928. When you realize that the ten-year average wheat crop--1940 to 1950--was 350 million bushels, you will appreciate the size of last year's crop. It followed on a crop of 529 million in 1951. And now we are told that this year's Western wheat crop is estimated at 574 million bushels. During the past three years, at the same time as these wheat figures have been achieved, record or near-record crops of oats and barley have also been harvested. In spite of these crops, so unusually large, it was my pleasure a few weeks ago to be able to announce that new records had been set for handling and exports. In the crop year which ended on July 31, producers in the Prairie Provinces marketed through country elevators a quantity of grain which will probably total 825 or 830 million bushels when all figures are in. The crop-year 1951-52 had set the previous record, but the new figure broke the record by about 90 million bushels. Particularly gratifying, too, was the fact that it was possible for me to announce that record production and marketings have been associated with record exports. Preliminary figures of exports of all grains, including wheat in the form of flour, indicate that 582 million bushels were exported in the crop year ending on July 31. This is an all-time record, exceeding the previous record established in 1951-52 by 77 million bushels. It may be difficult for insurance people to visualize the immensity of that number of bushels so let me put it in terms of dollars. The value of those 582 million bushels will be just over one billion dollars. The value of all Canadian exports in that twelve-month period was just over four billion dollars. One out of every four export dollars, therefore, was earned by the sale of Western grain and its products. And I know that business men of your calibre realize full well the vital importance of exports in our economy.

In spite of record handling and exports, however, you have no doubt been reading in the papers of the congested position of Western grain storage, and I am afraid that you will continue to read of farmers being unable to deliver grain and of grain stored on the farms. You will also have read of our large carry-over from last year. All these problems stem from the unusual size of the crops we have been harvesting. The exports, about which I have been telling you, total in themselves more grain than is normally harvested from a