

comprising a valuable compilation of facts about our present financial position. According to this document, the savings of the people of Canada at the half-way mark of the twentieth century far exceed any amount reached in the pre-war years.

The fears expressed by the honourable leader opposite bring to my mind a subject which I should like to discuss briefly, namely, the nature of our prosperity during the past few years and our prospects for the future. In this regard I assure my honourable friends that I speak more as an individual than as a member of the government with some special knowledge. I would suggest that there are three reasons for the pattern of our present prosperity: first, the very large volume of export trade; second, the huge capital investment in Canada; and, third, the distribution of the income of Canadian citizens from those two sources on a reasonably fair and equitable basis, with the result that there was a high consumption of goods and services.

Though various factors will influence our future, the degree to which we can adopt the pattern to which I have referred will furnish the answer, relatively, at least, as to whether or not our prosperity will continue. The main key to prosperity is a satisfactory volume of export trade. If our trade appears likely to continue, the resulting confidence may well be the deciding factor in the continuance of capital investment in Canada. To the extent that we can inspire confidence, capital investments will continue, and to the extent that we can maintain a reasonable distribution of income, we can look forward, under any circumstances, to reasonably happy conditions.

It is desirable, honourable senators, that Canada maintain a satisfactory volume of trade, for this will influence our economy far beyond the dollar value. There are two reasons for this. The first is that the pattern of industry and employment has for a long time been built around certain products of industry which have been produced in such volume as to be in excess of our ability to consume them. The second is that it will be desirable under all circumstances for us to import a large volume of products, and to provide for international payments such as the expenditures of our nationals travelling abroad and interest and dividends on foreign capital invested in Canada, plus payments for such services as freight and shipping and other miscellaneous obligations. The combined cost of these items has been substantial; indeed, in 1949 it was only slightly less than \$4 billion.

It is quite possible that an enlarged manufacturing industry in Canada, together with

the improving skills of our people, will result in the manufacture in this country in the future of some of the goods which heretofore we have imported. On the other hand, a prosperous economy results in an ever-increasing demand, in both volume and variety for goods and services. It must be borne in mind further that in recent years the importation of goods into Canada has, for various reasons, been severely curtailed.

It is of course true that for the discharge of our obligations there are available to us sources of revenue. These include receipts from the sale of non-monetary gold, tourist expenditures by those visiting Canada, interest and dividends accruing to our nationals through investments abroad, freight and shipping revenues and other miscellaneous receipts. During 1949, of a total revenue from these sources of \$4 billion, exports of goods exclusive of non-monetary gold accounted for almost \$3 billion. This is a very substantial figure as compared with less than \$1 billion in 1939.

In considering our future economic development, the major problem facing Canada is how to maintain this volume and value of exports and, if possible, increase it. I know of no problem more challenging; and it can well be the subject of a most penetrating and constructive examination and study. Export trade is vital to our economy; but we would be foolish not to admit that its maintenance at a high level presents many complications. Our large volume of export trade of recent years was made possible by an extraordinary demand in the export market at a time when competitive sources of supply had not recovered from the effects of total war. To a certain extent it was attributable to the fact that we in Canada loaned to our customers part of the means necessary to pay for these exports, and also to the fact that the United States of America, through the Marshall plan, made certain moneys available for the same purpose.

Although the desirability of maintaining this volume of exports continues, we are faced with the fact that the credits which we have made available are almost exhausted; that assistance from the United States of America under the present Marshall plan will cease in 1952; and that alternative sources of supply are becoming available to those who have been purchasers from us in recent years.

Honourable senators, with your indulgence I will pause for a moment to draw attention to a very distinguished group of visitors to Canada who have just entered the gallery. They are a delegation of Japanese members of parliament.