

No. 56/8 Some External Aspects of Canada's
Expansion

Address by Louis Rasminsky, Deputy Governor of the
Bank of Canada, at National Foreign Trade Convention,
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I am very glad that I was able to accept the invitation to address this International Finance Session of the National Foreign Trade Convention. I know something of the serious and thoughtful work done by your Council, and of the important part that this association has played, both through these Annual Meetings and in other ways, in influencing public opinion in this country to look realistically at your foreign economic policies. I know that this influence, while always at furthering the interests of the United States (and properly so for an American group) has recognized that your interests will best be served by policies which also increase the economic strength of other countries and encourage the growth of mutually beneficial trade.

I intend to focus my remarks today on Canada's recent economic expansion, and to refer particularly to some of the external aspects of recent developments in my country. I am encouraged to do this because the central theme of this gathering is that foreign trade and investment promote security and prosperity, and this theme is applicable to Canada in no small degree.

I should perhaps warn you at the outset that I am not going to make any sweeping and memorable statements. In fact I shall try to be as dull as my subject permits. Not all Canadians are dull. Certain aspects of Canada's expansion are, from time to time, discussed with a good deal of vigour in Canada. This applies especially to the recent increase in our current account deficit, caused by a sharp rise in our imports (particularly from the United States) and to the large participation of foreign capital (again particularly American capital) in our growth. Where discussion is vigorous it is a safe bet that opinions are not unanimous. And in this situation it is a safe bet that the prudent central banker will be dull.

The growth of the Canadian economy in the last few years has attracted a great deal of attention outside Canada, as well as at home. Canadians have been both flattered and occasionally embarrassed to find themselves and their country suddenly re-discovered by your metropolitan and business press. A new Canadian sage has showed signs of growing up, based on dramatic and outstanding achievements which have greatly increased our output and potential output of certain basic resources -- iron ore, petroleum, aluminium, uranium, water-power and so on. It is no wonder that these resource developments have attracted great attention, for not only are they important in themselves, but they provide the very stuff of which romance (at least economic romance) is made -- daring magnitude, difficult pioneering in remote and forbidding country, wonderful engineering accomplishments.