

The Address—Mr. Howe

still further markings of dangerous rocks and reefs which abound along our coasts. Much has been done; much more requires to be done. I offer these suggestions, and the ones I made last night, because I believe they are of intense importance to many Canadian citizens who live along our coasts. The importance of these problems has been enhanced by the fact that we hope shortly to have Newfoundland join the family of Canadian provinces.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I rise to take part in this debate primarily to carry out a promise made to the hon. member for Lethbridge (Mr. Blackmore) that I would answer a question which he asked on February 15. Before proceeding I should like to join with others in congratulating the mover (Mr. Brown) and the seconder (Mr. Demers) of the address on the thoughtful and excellent speeches they have made. The question asked by the hon. member for Lethbridge, as reported on page 536 of *Hansard* of February 15, is as follows:

Will the minister make a statement to the house some time soon giving an account of the progress the government has made since January 1, 1946, toward making Canada more self-sufficient. Will he deal in some detail with the progress that was made in 1948, and that is being made in 1949?

That is not a question that can be answered simply. It is not the policy of the present government to attempt to bring about economic self-sufficiency in Canada. It is the policy of the government to encourage the production of those things that Canada can produce economically and efficiently, to encourage new industries that can thrive in the kind of economy we have here in Canada, and to discourage those industries that can live only with the help of high tariff protection.

There are many countries in the world that are adopting policies of economic self-sufficiency. Some of them are doing so through necessity brought about by exchange difficulties and some because of their belief that that basic policy is the correct policy. I know of no country that is prospering as a consequence of following such a program of economic self-sufficiency.

In the early days of this country, it was the policy of the government to build a high protective wall around the country and to encourage industries which could not operate on an economic competitive basis. The change throughout the years has been toward a lowering of tariff barriers and a building up of industries in Canada that are efficient and able to sell goods in the market places of the

[Mr. Pearkes.]

world at prices competitive with those of other countries.

In saying that, I would not want the hon. member to believe that great progress has not been made toward economic self-sufficiency as far as Canadian production is concerned. Our economy is being rounded out and filled in with new industries and more complete processes for existing industries. This is a matter that I shall cover as I proceed with my discussion. In short, our policy is to improve industrial efficiency and general productive efficiency and to fortify and expand our foreign trade.

In pursuance of that end we are carrying out a policy of maintaining a high level of employment and a high level of income. Quite obviously a high level of employment tends to bring about the highest possible production by our working force. By pursuing that policy we can protect our economic welfare and the security of the Canadian people to the best advantage.

This country, far from attempting to be economically self-sufficient, is a great trading nation. The trade of Canada is the third greatest trade in the world, a position that we became heir to during the war years and which we have maintained up to the present time. The trade of Canada on a per capita basis is about twice the trade of the United States and about twice the trade of the United Kingdom. The trade of Canada today is greater than the total trade of the United States ten years ago.

Mr. Hackett: In volume or in dollars?

Mr. Howe: I am talking about dollars, but I rather think our position would be the same in terms of production. This happy situation has been brought about by following a policy of high production, high employment, high income and high consumption.

The economy of Canada rests on two foundations, domestic investments and export trade. There has been great progress in building up our domestic investments. During the war years, from 1939 to the end of 1945, over \$8 billion was invested in Canadian plant and equipment, a little more than a third of such investment being provided by direct government expenditures.

During the war years we strained Canada's economy to the limit to produce the munitions of war. By 1944 we had reached an export level which was an all-time record and which we are only now equalling in peacetime years. During the war years we were expanding our factory production, as we were expanding the production of our mines, of our fields and of our forests. During the war years essential material was being