



STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA

No. 53/14

CANADIAN RESOURCES AND ECONOMIC DEVELOPMENT

An address by the Minister of Resources and Development, Mr. R.H. Winters, at the Town Hall lectures, New York, March 17, 1953.

Great Moral and Economic Strength - The Requirements of the Twentieth Century

Two world wars and the Korean war have taught our generation an important lesson: the present stage that our civilization has reached requires great moral and economic strength - to defend the cause of freedom against aggression, to provide opportunities for better living. The success of defending the gates of Paris in 1918, the battle of the skies over Britain in 1940, and the heroic stand of American G.I.'s at Guadalcanal in 1942 are symbolic of the moral quality that enables democracies to withstand and, in the end, successfully defeat wanton aggression.

Economic strength has its roots in the natural resources a country possesses and the skill and imagination with which people make use of these resources. Now there are some exceptions to this. Our British friends do not possess the great variety and abundance of natural resources in their islands that some other countries do. But through their creative ingenuity as a major industrialized nation they have over the centuries been able to exchange manufactured goods and highly specialized services against foodstuffs and industrial raw materials from many nations. And then there are countries with vast natural resources but which have hitherto lacked the capital and managerial and technical knowledge to make effective use of the treasures they possess. By and large, countries that have been fortunate enough to have a multitude of diversified resources and which have made effective use of them have made great economic strides. The outstanding example, of course, is the United States, where industrial progress has been particularly rapid and standards of living of your people have risen to the highest in the world. Canada is now well embarked on the same course.

Here are a few highlights of the results we Canadians have been able to achieve through extensive use of our natural resources.

Canadian Resources Position in the World

Canada, a country of 14½ million people, comprises about 2/3 of one per cent of the world's population. This comparatively small country produces more newsprint, nickel, asbestos and platinum than any other nation. Canada is second

in the world output of hydro-electric power, pulp, aluminum, gold and zinc, and third in the production of silver, sawn lumber, and oats. In our Northland -- the great areas of the Northwest Territories and the Yukon -- we have great frontiers of natural resources which have not yet been fully explored and scarcely touched.

Agriculture

To be more specific: as in the United States, Canada's agriculture has made great strides in mechanization and the treatment of the soil. Blessed with good weather, we harvested last year over 1½ billion bushels of grain, the largest crop in our history. In wheat alone our output is equivalent to more than one half that of the United States; enough to provide bread as well as cake for almost 200 million people on the basis of Canadian consumption standards. ...

Fishing

As to fishing, this has become in North America almost a billion dollar industry. Canada's share is continuously increasing, comprising now about one quarter of the total. Subject to our mutual ability to overcome marketing and production problems, tremendous possibilities for further growth appear to be ahead. For the world's greatest stock of fish is off our east and west coasts - as another of our panel members, Mr. Ralph P. Bell, will explain.

Forestry

Our forests are one of Canada's most important basic sources of wealth, providing Canadians as well as many other friendly nations with a multitude of essential products - all the way from materials for shelter against the elements to the newsprint for your daily paper. Our productive forest area about equals that of the United States. This means about 34 acres of forest land to every Canadian, against just over 3 to every American. With world demand for wood products rising almost continuously, Canadians are very conscious of the need to use these resources wisely and to assure their existence in perpetuity. Therefore a great deal of effort is devoted in Canada to protecting, conserving and making most effective use of our forest resources.

Let me tell you about one innovation that may have far-reaching effects on industry in North America, and possibly the world over. Our Canadian Pulp and Paper Research Institute, building upon some 25 years of research, has just come up with a revolutionary development - striking improvements in the processes of making chemical pulps. These changes may be used to reduce wood consumption in some cases up to 50 per cent. Moreover, we will now be able to use more completely several tree species which are in abundant supply and which have hitherto been largely wasted. Think what this might mean to the pulp and paper industry of the United States, which turned into chemical pulp last year a quantity of wood over 600 times the size of Madison Square Garden. Here is a new challenge to both American and Canadian industry to produce better and cheaper commodities while at the same time preserving for future generations one of their most precious heritages: the forest resources.

Water

Many of you know from your visits to Canada that our country abounds with lakes and rivers - with fish in places just waiting for you to catch them. But to us water means much more. We are constantly pushing back our northern frontiers, using water to turn the wheels of industry and to light the cities of Canada. Our people use now almost twice as much electric power per capita as Americans do - at about half the cost per kilowatt hour. So far we have developed close to one quarter of our total available water power - so there is considerable room for further expansion. Two outstanding examples of undeveloped power sites in Canada are the Yukon drainage basin in the Yukon Territory and Northern British Columbia and the Hamilton River system in Labrador. The power potential of these two developments alone is estimated conservatively at over 8 million horsepower. Just to give you a perspective, the Grand Coulee power plant, the world's largest, has a capacity of some 2½ million horsepower. In Canada we have a known potential of about 52,000,000 horsepower still waiting to be harnessed.

In the midst of this abundance we still are short of developed power, particularly in industrial Ontario. This is one of the reasons why Canadians deem it so necessary to go ahead with the development of the St. Lawrence, which will yield over 2½ million horsepower for use by the State of New York and the Provinces of Ontario and Quebec.

Mining

The atomic age and the arrival of the jet engine brought new challenges to Canadian mining industries. Canadians responded to these challenges by pressing ahead vigorously in their search for minerals, both new and old. And as their search yielded rich finds extensive developments followed. The most remarkable feature of this development is the broad front on which progress is being made. Not only are Canadians expanding considerably output in such traditional fields as non-ferrous metals, nickel, copper, lead and zinc, but also in newer fields, including oil, iron ore, titanium, cobalt, uranium and other rare metals.

Some of these minerals were produced in Canada in earlier days, but the new developments are taking place on such a scale as to be tantamount to the creation of entirely new industries. And further, we in Canada are processing more and more of these minerals at home. In fact, the availability of low cost power resources in many parts of our country has made it possible for us to engage in the processing of ores obtained from other countries. The outstanding example is the Canadian primary aluminum industry, which depends entirely on the import of bauxite as its major raw material. Our aluminum production is presently about half as great as yours. You might have heard of our new giant aluminum development at Kitimat in British Columbia. When fully completed this could and might bring our annual production above current U.S. output. Or to put it differently: Canadian aluminum production might reach a record annual output equivalent to the aluminum requirements for about one quarter million fighter planes. Of course, we sincerely hope that most of our aluminum output will continue to be devoted to peaceful purposes.

To mention three other major developments in the mining field. You remember the excitement that gripped the United States following the discovery of vast oil fields and early development in Texas. Well, it's our turn this time - with the tremendous new opportunities that have opened up with the finding of large reserves of crude oil and natural gas in the Province of Alberta, and the prospects that these fields extend far beyond the presently proven boundaries. In 1946 Canada supplied about 10 per cent of her domestic requirements from domestic production. Today we are supplying about one third of a much larger total. There are good prospects that within a few years Canadians will be producing sufficient oil to meet all home demands. By this I don't mean that Canadians expect to become self-sufficient, but rather to achieve an overall balance by exchanging regional surpluses against imports from other countries, particularly from the United States.

After a lapse of many years, great things are stirring in iron ore mining. Two of the major developments are the further expansion of the Steep Rock mines in north-western Ontario and the opening up of the tremendous ore deposits in the Quebec-Labrador area. Virtually a new industry is being created in Canada. In 1946 we produced only about one and a half million tons. When Steep Rock and Quebec-Labrador are in full production we may be producing as much as 30 million tons of iron ore a year and vast orebodies are still being discovered.

The atomic age has brought to the fore the pressing need for uranium. We are fortunate enough in Canada to have made some of the major finds in the world of high grade uranium ores. The largest discoveries have been made in northwestern Saskatchewan and the Northwest Territories where uranium ore is presently mined. But the encouraging thing is that a number of new deposits are being unearthed in various other parts of the country. Proven world deposits and production of uranium are shrouded in secrecy, but we have some reason to believe that the present expansion programme under way may make Canada the world's second largest producer in a year or two.

Atomic Energy

Plentiful supplies of uranium have facilitated the development of Canada's atomic energy research programme. As you know, Canadians have concentrated largely on basic scientific investigations and their application to man's "pursuit of happiness." For we believe that while in our generation atomic energy could be mankind's worst enemy, it could also become its greatest friend. So, we are working intensively to become friends with the "atom" - to have it help us to work towards a better and fuller life and to aid us in our incessant fight against two universal enemies: dreaded diseases and rapid depletion of natural resources.

Our scientists have made such satisfactory progress towards the development of atomic power for ultimate commercial uses and in other applications of atomic energy that the Canadian Government has just recently set up an agency, Atomic Energy of Canada Limited, whose major task it is to push forward, in co-operation with private industry, its programme of making practical use of the discoveries made thus far and anticipated in the future. In fact, scientific progress

has been so rapid in Canada in recent years that the time for commencing industrial use of atomic energy has been brought much nearer than many of us would have considered feasible only two years ago.

In the field of medicine, one of the most remarkable uses of radioactive materials developed in Canada has been the so-called cobalt "bomb". In a sense, then, one might say that we too are in the atomic bomb business. These cobalt bombs which are therapeutical units used against deep-seated cancer are still in the experimental stage, but we already have had a number of cautious but encouraging reports from physicians and hospitals that are using them at present. One of the first of these cobalt bombs, which are presently produced only in Canada, went to a hospital right here in New York. Another unit has gone to your experimental station at Oak Ridge. Two additional units are expected to be installed shortly in Chicago and Minneapolis, and orders for four or five more bombs have been accepted from different American cities. Another unit will be going as a gift to the United Kingdom by the summer. Our people are working all out on the production of these cobalt bombs to meet the many requests from hospitals at home and from a number of countries abroad.

As in other countries, radioactive materials are used as a most powerful new tool on the very frontiers of research - in biology, metallurgy and other fields. For example, Canadian scientists are now studying, in ways never before possible, how trees get their nourishment and convert it into woody tissue. From this we hope to learn how to make trees grow faster and show greater resistance to their natural enemies, insects and disease. Such studies may also lead to an increase in the productiveness of the trees - which would mean more fibres and chemicals, on which the progress of modern civilization depends so heavily.

Effect on Domestic Industrial Development and Standards of Living

The rapid progress Canadians have been making in developing their natural resources on a broad front has significantly changed their ways of life. Our processing and manufacturing industries have expanded greatly, covering the whole range of basic and advanced industries, all the way from steel mills to jet engine manufacture. . . . We Canadians now enjoy a standard of living higher than at any time in the history of our country. We also have now, like you here in the United States, more time to enjoy the fruits of our efforts.

Complementary Character of Canadian Resources and U.S. Participation in Canadian Development

Our resources development is of special interest to Americans mainly for two reasons.

First, Canadian resources complement American resources in several important ways. Our forest wealth enables us to be your biggest supplier of newsprint. Our mineral wealth makes it possible for us to supply your country with important quantities of base metals and in the not-too-distant future we shall be providing you with large amounts of iron ore. Our pitchblende deposits are a vital source of uranium for your atomic energy programme. Canadians in turn import large quantities of industrial raw materials from the United States: coal, cotton, and oil, just to mention a few.

Secondly, American capital and American managers, engineers and other technicians are participating in Canadian natural resources development. Even though Canadians are financing the bulk of their resources and industrial development programme from their own savings - about 85 per cent of the total - we welcome American participation. For it hastens Canadian development and enables us to have the benefit of advanced technology in which the United States is the world's leading nation.

Americans in turn are participating in Canadian resources development for good business reasons. You secure a dependable source of important raw material supplies near at hand. The investment, if it is wisely made, is likely to bring many-fold returns in terms of dividend payments and capital appreciation - the latter particularly attractive to some investors, for we have no capital gains tax in Canada. No wonder then that Americans like investing in Canada. Over one fifth of United States foreign investment is in Canada and a similar proportion of dividends received by Americans from abroad comes from Canada. We are pleased by this demonstration of your confidence in our future and we understand your enthusiasm which at times leads you to pay a premium on the Canadian dollar.

We ourselves, in the midst of our good fortune, feel humble about it, for we recall that the tremendous resources that are available on the North American continent and that are being used increasingly entail both privileges and responsibilities.

Resources Entail Privileges and Responsibilities

In coming to the end of my remarks I would like to explain what I mean by privileges and responsibilities.

By privileges I mean the opportunity of using natural resources for the good of the country and of the individuals who make our free enterprise system work. The fact that the standard of living on the North American continent is the highest in the world and that in many fields advances in technology are unmatched abroad is perhaps some evidence that Americans and Canadians are making good use of two of their greatest assets: natural resources and the resourcefulness of our people.

By responsibilities I have three things in mind.

First, resources are not inexhaustible. Some are renewable, like forests, but others are not renewable, like mineral wealth. Unless waste is reduced, conservation is practised, and new development is encouraged, we are misusing the heritage that is ours. Anyone who has seen thousands of acres of forest go up in smoke, communities hard hit by rampaging waters, and dust storms playing havoc with fertile fields, will know what I mean. Increasing attention is being paid to this problem and encouraging results have already been achieved in both the United States and Canada.

Secondly, using our resources solely for war would simply hasten the end of civilization. Under present conditions using our resources solely for peacetime pursuits would invite war. There is, then, need for a balanced use of resources: Work for a fuller and happier life and be prepared and equipped to defend it when challenged. The very fact of being prepared

and equipped may be the strongest deterrent against aggression. The United Nations action in Korea, the building of a unified defence command by the Atlantic nations in Europe, and preparedness at home are ample signs that this important principle is now an integral part of the military and economic policies of freedom-loving nations.

Thirdly, to use our resources solely for our own benefit would mean closing our eyes to the hunger, misery and distress that exist in many countries. And there can be no secure foundation for peace if nations who have an abundance of resources are unwilling to help their less fortunate neighbours to help themselves. Again, in this respect great strides have been made within the framework of the United Nations and its Specialized Agencies, through regional arrangements such as the Commonwealth Assistance Programme for Under-developed Countries, commonly known as the Colombo Plan, and through contributions by individual countries. The encouraging progress that has been made in reducing trade barriers since the end of the war is also spreading wider the benefits of North America's wealth.

North America's Challenge

In coming to the end of my remarks, which are intended as the introduction to a fuller discussion of Canadian natural resources and economic development, may I state simply what Canadians believe is the challenge our civilization faces today: the nations of the free world have a great abundance of resources, sufficient indeed to support, with wise use, much higher living standards than many people are enjoying today. A most vital aspect of wise use of resources is international co-operation, and I mean by this not only co-operation between governments on questions of trade, economic development and defence, but also co-operation between business concerns and citizens of different countries in specific enterprises, each contributing what he can best offer to the common objective. The alternative to making the most effective use of natural resources through international co-operation may be defending our own way of life on our own shores.

S/A