

effort, such as special depreciation concessions to certain industries, and partly as a result of the confidence of businessmen in Canada's future, private investment increased from \$500 million in 1945 to \$1.5 billion in 1947. The Department of Reconstruction and Supply forecast for this year indicates a business investment of \$1.7 billion. In addition, governments, non-profit institutions and home builders have also been increasing their rate of investment. The resulting heavy demand for building materials, machinery, and equipment contributed substantially to the increase in imports from the United States.

When it became necessary to limit imports to conserve foreign exchange, it was decided to license capital goods coming into Canada in such a way as to achieve a selectivity that would accord with the needs of our future expansion. The guiding principle of this selectivity is the immediate need to conserve U.S. dollars and the long-run necessity of placing the economy in a position to earn more U.S. dollars.

In view of the increased investment contemplated in 1948, it is unlikely that the licensing of imports of capital goods will reduce the level of these imports below that of 1947. It should, however, put a brake on investment generally, but not on the investment that can make the greatest contribution to Canadian welfare at this time. The Minister of Reconstruction and Supply, Mr. Howe, has also appealed to some 13,000 business establishments by letter, asking them to review their 1948 investment programs and to postpone work wherever it can be done without affecting essential operations and production.

Since the end of the war, Canada has consistently supported international organizations sponsored by the United Nations for the purpose of stimulating commerce and the re-establishment of the multilateral trading system. In particular, Canada has played a leading role in the Food and Agricultural Organization and in the preparatory deliberations at Geneva and the general conference at Havana called for the purpose of establishing the International Trade Organization. In fact, she has been treated as one of the "Big Three" trading nations at these meetings. The results achieved at Geneva exceeded all expectations. A wide basis of agreement was found to exist between many of the leading trading nations of the world. It was possible, therefore, to frame a comprehensive international code of commercial policy. The Havana Conference qualified and extended this code, and provided for the establishment of the International Trade Organization with a much wider membership than the 23 countries at Geneva. The Geneva Agreements also covered the downward revision or binding against increase of some 45,000 items on a most-favoured-nation basis. The deliberations at Havana have now laid the foundation for negotiating tariff concessions between more countries.

I know you appreciate the significance of these developments. The tariff concessions we have received and will probably receive increase the assurance that we will be able to find markets for our surplus production and thereby find the funds needed to pay for imports. The codification of commercial policy makes it easier for us to carry on trade. This also helps us make the adjustment in the pattern of our exports and imports that are needed.