

confidence -- as many who have invested in our future obviously do. For 1954, we forecast a capital expenditure programme of \$5.8 billions -- roughly 3 per cent above the previous record achieved last year!

While our tremendous resources development programme, our stepped-up industrialization and the increased demand for our raw and finished products in the markets of the world have stimulated Canada's unprecedented development in the last few years, post-war economic expansion is by no means a Canadian phenomenon. Similar, though perhaps not as rapid developments have been taking place in this country and in other parts of the world.

For example, since 1945 Canada's population has risen 19 per cent; during the same period, however, there was a 12 per cent increase in the population of the United States. While our gross national expenditure has increased 24 per cent in real terms, your country has experienced the not inconsiderable increase of 12 per cent. To place Canada's greater rate of growth in proper perspective, it should be remembered that our population is still only one-eleventh of that of the United States and our gross national expenditure is still just one-fifteenth of yours.

It is interesting to see how our two countries have made use of their rising output. In the United States you have, quite properly, placed greater emphasis on raising the standard of living of your people. We in Canada, as a nation that has not yet reached your stage of industrial development, have stressed the building up and diversifying of our economy. Between 1945 and 1952 the real standard of living of Canadians rose 13.3 per cent, while in the United States it increased by 15.4 per cent. On the other hand, in 1952 we devoted 18 per cent of gross national expenditure to capital investment, as against 14 per cent in the United States.

Differences In Our Economic Policies

I have said that broad economic objectives in our two countries are essentially the same but in our efforts to maintain stability and to encourage growth there have been interesting contrasts in the methods we have used.

First, as to the role governments play in economic affairs as reflected in government expenditures -- and apart from their influence through economic, fiscal and commercial policies -- public expenditures on goods and services and transfer payments absorb about the same proportion of gross national expenditure in both countries -- approximately 27 per cent for 1952. One important difference, however, is worthy of note: In the United States, your governments spend a much greater proportion on goods and services, largely because of defence needs. In Canada, governments spend a great deal more proportionately on transfer payments because of our more comprehensive social security programme, including such measures as our universal family allowances and old age security schemes. I shall have more to say about this a little later.

Another interesting contrast was offered by our respective response to the economic problems posed by the defence production build-up following Korea. Shortly after the outbreak of the Korean war, our two governments initialled a "Statement of Principles for Economic