

calendar year of one million pairs of wool socks, 550,000 wool shirts, 250,000 cotton shirts, 150,000 suits of army battle dress, and 400,000 wool blankets.

The production of military boots and shoes is also proceeding at a high rate. We expect to get from the factories by the end of December 1951, over 300,000 pairs of boots and 140,000 pairs of shoes.

In these few minutes I have been unable to do more than outline some of the major aspects of our direct military production programme. I hope however that I have said enough to convince you, as I am convinced, that we are well on our way to the achievement of the objectives laid down by the government earlier this year.

Development of Strategic Materials

In addition to the production of military end items, Canadian industry is pursuing another programme which I am firmly convinced is of equal importance. I refer to the development of the many strategic materials which are to be found in Canada. None of us know how long this rearmament period may last. But it is obvious that if we are to maintain and expand our own industries, while at the same time making available to our allies strategic materials that are in world wide short supply, we must do everything possible to develop these materials as rapidly as possible.

As the programme is now planned, nearly \$1½ billion will be spent on the development of basic resources of iron ore, non-ferrous metals, petroleum and bulk chemicals for the period 1950-1955. This figure will probably be even higher because of other projects still in the planning stage. In addition, \$1 billion will be spent on the development of hydro-electric power.

In many instances our resources have been left untouched in the past because of the high cost of exploitation. Rising prices and physical shortages are now changing the picture. Due to more favourable cost-price relationships, projects can now be considered feasible that were formerly uneconomic. We all realize the seriousness of inflationary trends in the price structure. Nevertheless we should not overlook the fact that with present prices and the prospect of continuing high levels of demand, it is now possible to bring into production certain important sources of urgently needed supplies that would otherwise remain undeveloped.

Another factor is that businessmen have found that investment in Canadian industrial expansion is a sound proposition. Political stability and good working relationships among government, industry and labour, combine in providing an atmosphere favourable to investors. Whether it comes from Canada, the United States, or farther afield there is, I think, little doubt but that the capital needed to bring Canada's resources into production will be forthcoming.

Furthermore the fiscal measures taken by the Canadian government encourage resources development. Income tax concessions include a three-year tax free period for mining companies after they start commercial operations. Exploration, prospecting and development expenses incurred by oil corporations or by mining companies, are also deductible, until such time as the project starts to operate