

imposed in April of last year have helped to reduce the pressure of civilian demand. Something entirely new has been adopted in the form of a deferred capital cost allowance plan, intended to provide an additional deterrent to less essential capital expenditure by postponing depreciation allowances for income tax purposes.

These policies have been effective. They have done what they were intended to do. There has been a shift in investment towards defence and defence-supporting projects and the development of our basic resources. For example, in 1951 investment in facilities to produce and process strategic raw materials such as copper, nickel, and chemicals, and to manufacture military end-items and components for defence purposes, went up 83 per cent over 1950. On the other hand, there was an 8 per cent decrease in capital investment in wholesale and retail trade, manufacturing of consumer goods, and provision of services. These figures are still preliminary and subject to change, but they show some of the results of the Government's measures to influence the direction of investment into projects of the highest priority.

In this capital investment programme, British Columbia is well to the fore.

As an engineer, I can appreciate perhaps more than most people the imagination shown in the Kitimat development. Not many countries are engaged in diverting a river and building a powerhouse a quarter of a mile inside a mountain through which a ten-mile tunnel has to be cut. When the smelter at Kitimat is eventually completed, it will have one and a half times the capacity of Arvida. What this development will mean to world supply is better appreciated when it is realized that one out of every four tons of aluminum in the world today comes from Canada.

I do not intend to enumerate all the different projects that are under way in this part of Canada, but I cannot omit special reference to the Trans-Mountain pipeline, and the refineries that will be built on the West Coast which have international as well as national significance. According to present plans, steel will be available for the construction of the pipeline in the second quarter of this year and we anticipate no difficulty in obtaining the steel needed to construct the refineries when the time comes.

To sum up this side of my review, I think I am justified in saying that the Canadian productive machine is expanding and being improved as never before in history. And I venture to suggest that never before has investment been directed along lines which hold promise of greater returns in terms of the things Canada and the world needs for a better life and for greater security.

The next test I shall apply to the Canadian economy is the competitive test. In other words, is Canada able to hold her own on world markets? Let me give you a few figures. In 1951, our exports to all countries amounted to approximately 4 billion dollars, or more than 800 million dollars higher than 1950. Not only were our exports to the United States and to the United Kingdom higher, but there was a 57 per cent increase in our trade with the rest of the world.

While some of this increase was due to higher prices, there was also an increase in the volume of goods shipped