

the past several months in Canada, the United States, and other countries which are prime customers for Canada's mineral and metal exports, appeared to gather further strength as 1972 drew to a close.

This acceleration in economic activity of the world's major industrial nations is expected to continue into 1973. With many deposits being developed for production, generally higher mineral and metal prices, diminishing stockpiles in the hands of producers and consumers, and broadening favourable economic conditions in the industrial nations, the value of Canadian mineral output should grow appreciably in 1973 to above \$6.8 billion from about \$6.2 billion for 1972.

The growth in value of mineral output in 1972 of about 5 per cent to \$6.2 billion is below the long-term growth-rate of nearly 8 per cent experienced since 1950. There will be minor growth in output value of the metallics and industrial minerals sectors, with most of the increase in value being accounted for by the mineral fuels sector.

Recovery: but who will benefit?

While there seems to be general agreement that a recovery is gathering momentum, it is far from clear just who will enjoy the bulk of the benefits. There is a firm movement by consumers of minerals and metals to assure themselves of long-term supply for their economies on the most favourable terms.

On the other hand, there is an even stronger move by mineral-producing nations to seek greater benefits from their mineral resources. One of the ways of attaining greater benefits has been by seeking majority or sole ownership of resources. Another has been the establishment of facilities for processing as far downstream to the consumer product as practicable.

The evolution from the established pattern to the emerging one of increased national sovereignty and control of mineral resources by the producing nation varies from commodity to commodity. Because of the "urgency of need" for a particular commodity by the consumer, greater influence may be brought to bear by the producer.

The benefits that accrue from the further processing of minerals to

metals and then to the fully-manufactured product are easily recognized. But the circumstances of each particular mineral dictate the limitations on further processing. On the whole, the mineral industry of Canada does reasonably well in the processing of its non-ferrous mineral production to the metal stage. Currently, nearly all nickel produced in Canada is smelted domestically and a large part is refined here. Seventy-five per cent of Canada's mine output of copper is smelted and refined domestically, with additional capacity under construction and planned. The figures for lead and zinc are lower, at 55 per cent and 35 per cent respectively, but it is anticipated that a greater proportion of each of these will be processed to metal before export in the not-too-distant future.

Minerals in the total economy

The importance of the Canadian mineral industry to the nation's total economy manifests itself in many ways. Minerals and fabricated mineral products constitute nearly 30 per cent of Canada's export trade and contribute in large measure to the country's favourable balance of trade. Products are exported to more than 70 countries, with the United States taking about 60 per cent, Britain 13 per cent, the EEC countries about 11 per cent, and Japan 9 per cent.

Primary-mineral production value this year, at \$6.2 billion, will be about 6 per cent of Canada's GNP and, if the value of downstream products of the mineral industry such as steel-rolling mill products, oil-refinery products and others were included, the value would more than double.

Direct employment in the mining industry has remained fairly constant at about 130,000 from 1950, when mineral production was valued at only \$1 billion, to 1972, when value of production will exceed \$6 billion. Mining itself is not employment-intensive but for every mine employee there are at least two employees engaged in the service support and ancillary-trade industries, along with another two in the social-support and manufacturing industries. In this connection it is interesting to note that the Economic Council of Canada, in its ninth annual review, observes that in 1970 employment in the service industries had

reached 65 per cent of total employment from 55 per cent in 1955 and expected they would employ 70 per cent of the total employed in 1980.

Several other figures further illustrate the importance of the mineral industry to Canada's well-being. Minerals account for about one-half of all revenue freight traffic and more than 12 per cent of total annual capital investment. They are responsible for the development of frontier regions of the country, with establishment of towns that then become springboards for further exploration and development into remote areas. It is of note that virtually all railroad building since World War II has been directly attributable to mineral-industry developments. Several new and large ports and a number of hydro-electric power developments have been brought into being to serve mineral projects. One of the world's largest systems of pipelines has been built to serve the oil and gas sectors of the minerals industry. Given the realities of our geography and of our geology, minerals will continue to have a major role in opening up the frontier areas of Canada, both in the provinces and in the Northern territories, and will have an even more important role to play in the nation's future economic and social well-being.

Taxation of resource companies

In recent months, some criticism has been levelled at the taxation of corporate income in Canada, particularly that of resource companies. The allegation has been made that corporations do not bear a fair share of the tax burden in comparison with individual taxpayers.

The critics have ignored the fact that the increasing proportion of total income tax revenue from individual taxpayers compared with that from corporations is primarily due to the greatly increased percentage share of our GNP that individuals enjoy compared with corporations. The proportionally greater increase in total individual incomes is due both to the rapid increase in the number of individual taxpayers and to their increased level of income.

Another basic fact which has been overlooked by the critics is the role which industrial activity plays in the creation of employment. The increasing number of taxpayers and