

The discoveries and developments I have been referring to have had a leavening effect on Canadian expansion. In some cases they have involved the opening up of remote areas and provided the opportunity to exploit other resources which would not have been able to stand on their own feet. They have brought along with them secondary developments of great importance: for example, oil and natural gas have contributed to the development of a sizable petrochemical industry. Perhaps most important of all, the uncovering of important basic resources has created, in the minds of Canadians and non-Canadians alike, a favourable attitude towards Canada's long-run prospects. This favourable attitude, and the willingness to back it up with hard cash, is reflected in the high level of investment which has been taking place in our country since the end of the war.

However, resource development can be exaggerated as a factor in our development. Growth in Canada during the last few years can, perhaps not inappropriately, be compared to the proverbial iceberg: the parts that one sees are most impressive, but the great bulk is below the surface and if not unknown at least invisible. In actual fact, aggregate investment in our secondary industries, in communications, in distributive and service facilities, in non-residential construction and in housing has been several times as large as investment in the exploitation of primary resources. What we have had is a general expansion, in which basic resources have played an important dynamic role, which has broadened and deepened the structure of the Canadian economy. Relatively undeveloped countries sometimes act as though the development of the primary products in which they have a natural economic advantage is incompatible with the development of secondary industry. Our own experience has been that the two can well go hand in hand, and that the broadening of the internal market produced in part by basic resource development brings in its train the development of secondary manufacturing industries and service industries as well.

The recent Canadian expansion is, of course, by no means an isolated case. In fact, one of the most striking economic facts of the past few years is the great increase in the demand for capital to finance expansion in virtually all parts of the world. One of the manifestations of this has been the universal rise in interest rates as the supply of savings has had difficulties in keeping pace with the demand for loanable funds. Though the Canadian case is by no means unique, there are, perhaps, two or three special features in our position. One is that the Canadian economy has been expanding almost without interruption since the end of the war. At first it seemed to be a question of making up for the depression and the war, during which civilian progress was at a standstill and even maintenance reduced; during the 1950's there has been continuous and, in the last year or two, accelerating new expansion. Usually in Canada and elsewhere sharp bursts of expansion have been moderated or temporarily halted by cyclical down-turns. This has been true since the war in most other countries. In Canada, though we have not been completely insulated from the cyclical disturbances that have been experienced elsewhere, these have for the most part taken the form of a pause in the growth of output, as in 1954, rather than a down-turn.

A second remarkable characteristic of our growth has been its magnitude. In real terms, gross national product is currently running some 40 per cent higher than it was at the end of the 1940's. This in itself, though impressive, does not seem much different from the growth of output in the United States.