

Still another field in which current Government policies have an effect on these matters is in prices. Under the Defence Production Act, as you know, a number of materials have been declared as essential, one of the consequences of which being that prices of such materials may not be increased without prior consultation with the Government. Canadian industry and Canada generally has, over the years, built up an enviable reputation as a dependable supplier of quality materials at reasonable prices. This reputation is now one of our great assets in world markets and one that must be guarded jealously. I think that any fair comparison will show that, even in recent years when many markets have offered extraordinarily attractive prices, Canadian industry has followed a moderate pricing policy and has avoided getting into the unenviable position of leading the parade for higher prices.

It is not my purpose in mentioning these various policies that are being followed, either by the Government or by industry, to attempt any assessment of whether or not they represent all that could or should be done under the circumstances. Rather, my purpose is to outline the high-lights of these policies and then to have a look at what is being accomplished under them.

I have said that the development of our resources is as much a part of the defence effort as the building up of our direct military strength. The two are related and must both be considered together. So it is interesting, I think, to see how the two compare. It is not a question of which is the more important -- but what is the measure of the national effort devoted to each? May I then in conclusion just refer to a few such comparisons.

At the beginning of last year it was pointed out that the Government was then embarking on a five billion dollar defence expenditure programme which would be spread over a three-year period. Of this amount, it was estimated that something approximating three and one-half billion dollars would be spent for the purchase of goods and materials required by the services, as distinct from military pay and allowances and the other costs of the Department of National Defence. The biggest single element in these purchases is the aircraft programme. Canada has embarked on the building of six different types of airframes and, for the first time in our history, two types of aircraft engines. In addition, plants are being erected to produce aircraft instruments and to provide the supply of many components that heretofore had to be imported into the country. This is our biggest production programme, and has been generally described as a twelve hundred million dollar programme over the three-year period. It is an interesting coincidence that twelve hundred million dollars is the present estimate of what will be spent in approximately the same period on the development of hydro-electric power in the country, apart from specialized projects such as those relating to aluminum, and apart from any investment made possible by the development of the St. Lawrence.

The second biggest part of the defence production programme is in the field of electronics. Today practically every piece of important military equipment has a large electronic component. Radar, asdic, gun-laying and tracking devices, and communications equipment play an ever-increasing part in the whole field of armament. Our