

level, and with the prevailing spirit of optimism, the investment boom got under way very quickly and rapidly offset in large part the decline in government spending. The increase from year to year has been great and this heavy investment demand has combined with rapidly-rising consumer expenditures and a very high level of exports to produce an upward pressure on the price level throughout most of the period.

The significance of this new capital investment goes much further than the direct employment which it has provided and the direct employment opportunities which arise out of it. Its real importance would seem to lie in the underlying change which is being wrought in the structure of the economy - changes in structure which both increase its productive capacity and competitive power and at the same time reduce its vulnerability.

Unlike previous periods of expansion in our history, the development this time has spread over all industries and been felt in all parts of the country. Much of it has served to increase our capacity to produce and distribute the basic materials and the various forms of fuel and energy on which industrial development and economic growth are based. Very large sums have been spent on the mechanisation of agriculture which is now capable of considerably higher production with considerably less manpower. In forestry there has been a steady modernization and expansion of pulp and paper plant and a very large increase in the output of lumber. The oil and gas discoveries have stimulated intense activity in a whole range of projects, including, in addition to exploration and development work, the building of pipelines, the construction of storage facilities, increase in refinery capacity and the development of a petrochemical industry. Over a billion dollars have been spent in these fields since 1946 and over a quarter of a billion this year. Vast capital expenditures are also being made to mine, process and bring to market the newly-discovered minerals, particularly the iron ores, and also to expand the production of aluminum in Northern British Columbia. New investment in the utilities, electric power, transportation, communications, etc., accounts for more than 20 per cent of total investment resulting, to quote only one instance, in an increase of about 50 per cent in power production. Manufacturing has absorbed about 20 per cent of total investment and the fact that income originating in manufacturing has now risen to over 30 per cent of national income is one of several indications of the greater diversification and better balance of the economy.

It is interesting to note in passing that, since the end of the war, if we take into account what we have lent or invested abroad, we have provided enough capital out of our own savings to finance the whole of our development programme. It is true that in 1950 and 1951 Canadian savings equalled only about 90 per cent of the total, but for the period 1946 to 1951 we had a net investment abroad of \$78 million and that net result is not likely to have been affected very much either way by developments during 1952.

Finally, it should be added that the near-term outlook suggests no weakening of the driving power behind this capital development programme. If there are certain fields