

The degree of processing of Canada's primary products and raw materials has increased. In agriculture, for example, our exports of raw products are about two and a half times the 1939 level, whereas agricultural manufactured products have expanded five times. Exports of semi-processed forest products have increased by 250 million dollars, whereas fully manufactured forest products have increased by about 400 million dollars. Mineral ore exports rose by 18 million dollars, whereas processed mineral products expanded by 122 million dollars.

There have been significant changes in our working forces, industrially, occupationally and geographically. The size of our working population has increased greatly, and occupational changes have raised the level of our industrial skill. Population shifts have expanded the industrial working forces in the central provinces, and on the Pacific Coast.

Our new industrial plant and equipment is of the best and the most modern obtainable. Today, Canada's industrial technology and productive efficiency is second to none in the world, a fact that should protect our position in the competitive days ahead.

These are the achievements of our manufacturers, sketched very briefly. They are a remarkable testimonial of the initiative, ingenuity, and strength, of Canadian industry.

I am having an analysis made of the ultimate effect of Canada's current investment programme. We all appreciate that there is a considerable lag between the investment, and the impact of production arising out of that investment, on our statistics. Without having the results of the analysis at hand, I can predict with confidence that Canada's position of shortage in domestic markets will come to an end during 1949. Even so, there is no sign of slackening in Canada's programme of industrial development. This year, the total of private and public investment will exceed three billion dollars, of which two billion dollars is for business investment. It is difficult to appreciate just how much this is. Compared with the rate in 1939, it is more than double. It exceeds by a substantial portion the share of national income which other highly industrialized countries are devoting to enlarging and improving their plant and equipment. On a per capita basis, Canada is spending on capital goods at the rate of \$150 for every man, woman and child. In the United States the comparable figure is \$130.

Corresponding to the high rate of investment, our national income and employment will reach their highest levels this year. Our gross national product for 1948 will be over 15 billion dollars; 15% higher than last year and three times higher than pre-war.

Obviously, our manufacturers are depending heavily on future exports to other countries. Therefore, the present fundamental shifts in the structure of world industry, trade and finance have an important bearing on the Canadian situation. These changes culminated last year in an acute world shortage of United States dollars. Canada, being dependent on a large volume of exports, was seriously affected; in fact Canada's most important trade problem at the moment is our shortage of United States dollars. In essence, of course, it is our customers' shortage of United States dollars, rather than our own. Although last year our exports were ample to pay for our imports, we were living beyond our means, through our customers' inability to pay in dollars. Having an important stake in the recovery of our customers, last year we financed many of their urgently needed purchases from our reserves. Another reason for doing so was that our own immediate well-being depended upon these outlets for our goods. Our high level of exports, coupled with our heavy domestic investment programme, brought about an unprecedented level of imports from the United States. It became obvious that selling for credit, and paying cash on the barrel-head for what we were buying, could not continue.