

Linked closely with the government defence-production effort is the extensive work on strategic resources development which is being carried out by private industry. In 1952, this latter investment was roughly of the same order as the outlay on defence procurement. About two-thirds of it went into developing resources of energy, especially hydro-electric power. At the same time, capital outlays in the petroleum and natural-gas industries are becoming increasingly important. The rest of the investment in strategic resources development is going largely into metals, wood products and heavy chemicals. The Canadian chemical industry is experiencing the largest expansion in its history.

As a result of these efforts, Canada is emerging as a country with very important capacity for defence production and is, at the same time, becoming daily stronger as a supplier of basic strategic resources. We are making good progress towards the goal of defence preparedness -- effective rearmament within a strengthening economy.

Capital Investment

Canada's total investment programme in 1952, including outlays for defence installations, the development of strategic resources, and all other purposes combined, is expected to reach \$5.2 billion. Even after allowance for higher costs, this represents an increase of about eight per cent over the volume of work realized in 1951.

Within this total programme there has been a continuing shift toward expansion of basic industrial capacity with less emphasis on the consumer goods and service sectors. Between 1949 and 1951 total outlays in industries which may be considered as basic to Canada's preparedness programme have risen by 40 per cent, and a further 20 per cent increase is indicated in 1952. On the other hand, physical investment in light manufacturing, trade and service has declined. Housing activity also declined after 1950, but there was an upturn in housing starts in the latter part of 1952.

Following 1950, with but a limited volume of resources available for capital expansion purposes, government measures were designed to check too rapid expansion in less essential investment. Many of the less essential projects which would have been undertaken in more normal circumstances have, however, been only postponed and may be expected to proceed as physical and financial resources become available. This accumulation of projects will provide an important support to general activity in the period ahead.

Foreign Trade

The high level of demand in foreign markets has led to substantial expansion in exports of Canadian products. The value of commodity exports for 1952 will reach about \$4.4 billion, the highest level in history. With only minor changes in export-price levels, most of the increase in the value of exports resulted from an increase in unit volume. During the first nine months of 1952 the actual volume of exports was more than twelve per cent higher than during the same period of 1951. The largest items in these increases were among such