

- (3) The re-conversion of industrial capacity released from war use and to the carrying out of desirable industrial expansion and modernization.
- (4) The replacement and modernization of the equipment of agriculture and other primary industries and to the provision of additional facilities for production and marketing services.
- (5) Providing for as large a housing program, both rural and urban, as available labour and materials will permit.
- (6) Providing for increases in consumer goods produced for the civilian market, as the demobilized Service personnel pass into the civilian population, and, as circumstances allow, to meet deferred civilian demand.

It is not considered feasible to give any absolute priority to any of these competing uses for available manpower but, in the interests of employment and welfare, a balance will be preserved between them.

For the period extending between the cessation of hostilities in Europe and victory in the Pacific, the demands for labour and material are expected to exceed available supplies but, even with over-all demands unsatisfied, dislocation and delays of various kinds will be inevitable during a transition period of such proportions.

The Sources of Employment and Income.—Expenditures that provide remunerative employment and income are classified according to the channels through which they flow, viz., (a) export trade; (b) private investment in durable goods and goods in stock; (c) consumption expenditures; (d) public investment and expenditures. In maintaining a high and stable level of employment and income, appropriate means are proposed to influence expenditures in all these channels.

Export Trade.—During the War, export shipments, financed in part by the Dominion Government, have become highly abnormal in size and composition. For post-war exports, it is considered that a figure of not less than \$1,750,000,000 annually at current prices for merchandise and non-monetary gold is a practical and desirable goal. This would be about one-half the current swollen wartime exports, about 60 p.c. above the pre-war level in dollar value, but only about 15 p.c. higher in the amount of goods exported.

During Stage II of the War, the problem of maintaining the desired level for exports, other than munitions, will be one of supply and finance. It is proposed to recommend a continuation of Mutual Aid (see pp. 461-462) where necessary, until the end of the Japanese War and to use the Export Credits Insurance Act (see pp. 482-483), where necessary, to restore and maintain historic markets and develop new ones.

In the post-war period, an expansion of total world trade is anticipated within which other countries as well as Canada can increase their exports. Since the conditions which govern international trade are not in any large degree under the direct control of the Canadian Government, collaboration with other Governments is essential. The policy to be followed is one of reciprocal reduction and removal of trade barriers and to press for agreements to promote stability in international food and raw-material markets.

Private Investment.—Through the Department of Reconstruction the speedy conversion and expansion of industries will be encouraged and assisted. There will be plenty of incentive for private investment; the demand for consumer goods will be high; buildings and equipment will be worn out or obsolete; new products and new processes will require new capital investment. Taxation will be lowered as rapidly as possible and private investment at a high and stable level will be