have been kept to a minimum. In the meantime, the Government has gone ahead with the planning of projects for implementation when economic activity shows signs of slackening. Fully planned projects registered on the reserve "shelf" of the Public Projects Branch involve expenditures in excess of $100,000,000.

This Government policy of planned and timed public investment as an anti-cyclical measure envisages similar action by the provinces and municipalities. To this end, the Government proposed at the Dominion-Provincial Conference in 1945 an appropriate division of responsibility between governments or the working out of methods of co-operation, and offered technical and financial assistance in planning and timing investment. The Government's proposals have yet to be agreed upon and implemented.

Details on the levels of private and public investment since the end of the War will be found at pp. 1059-1063 of the 1947 Year Book. The forecast for investment in 1948 has been published and is obtainable by application to the Economic Research and Development Branch of the Department of Trade and Commerce, Ottawa.

Foreign Trade

Broadly speaking, one-third of Canada's national income is derived from foreign trade, a degree of dependence on external economic conditions equalled in only two or three other countries of the world. The Government's short-term policies have been aimed at assisting Western European countries to stabilize their economies, and at protecting Canada's foreign exchange position until Western Europe can trade on a cash basis. Long-term trade policies seek to establish international commerce at the highest level possible on a multilateral basis, and to fit Canada's foreign trade into world trade on favourable terms. (See Chapter XXI.)

Foreign Exchange Difficulties.—Canada's foreign trade reached record proportions during the War. In 1944, exports were valued at $3,483,000,000 and imports at $1,759,000,000, for a total trade of $5,242,000,000. Trade fell off as the need for war materials dropped, but by 1947 the total had passed the 1944 level, reaching $5,386,000,000—$2,812,000,000 exports and $2,574,000,000 imports. However, where the excess of exports over imports had yielded a visible balance of trade in Canada's favour of $1,724,000,000 in 1944, it yielded only $238,000,000 in 1947. Since a considerable part of the exports to wartime allies was being financed by Canadian loans in the latter year, the foreign exchange earned by the exports was not enough to pay for imports. On the other hand, had Canada and the United States not been prepared to make loans, the revival of European trade would have been delayed for a good many years with serious long-term loss to Canada in the form of a smaller export market. Canada's loans under the Export Credits Insurance Act were in excess of $1,800,000,000, of which $1,250,000,000 was for the United Kingdom. Most of the loans had been used or pledged by the end of 1947 when it was found necessary to place restrictions on the use of remaining funds. However, in January, 1949, it was announced that drawings on the unused portion of the United Kingdom loan would be resumed at the rate of $10,000,000 a month.

The most serious aspect of the failure of exports to pay for imports was the fact that Canada was obtaining relatively less foreign exchange of the type needed to pay for imports from the United States, i.e., American dollars. There were three reasons for this. Firstly, the value of imports in 1947 was about four times its