

devalued more than Canada. On the other hand, Canada's own devaluation was expected to increase the value of exports to the United States—in fact taking place early in 1950—and discourage imports from that country. The general effect of such developments, if realized in any substantial degree, would be to ease Canada's balance of payments position.

Investment and Resources Development.—The most important single dynamic influence contributing to a rising level of economic activity in Canada in the post-war period has been investment in durable physical assets, such as plants and office buildings, machinery and equipment, schools and roads and residential housing. This investment amounted to \$3,400,000,000 in 1949, an increase over 1948 of 9 p.c. in value terms and 4 p.c. in volume terms. Private investment increased from \$2,365,000,000 to \$2,490,000,000 between the two years, or by 5 p.c., and the investment of Federal, Provincial and municipal governments from \$785,000,000 to \$940,000,000, or by 20 p.c. Investment in construction of all kinds increased by over 10 p.c. to nearly \$2,100,000,000, and machinery and equipment investment by 5 p.c. to \$1,350,000,000.

By broad groups, total investment increased during 1949 as follows: institutional services (schools, hospitals, etc.), 36 p.c.; mining, 27 p.c.; finance, insurance and real estate, 21 p.c.; utilities, housing and direct government, each by 17 p.c.; and agriculture and fishing, 13 p.c. It decreased in wholesale and retail trade by 5 p.c.; manufacturing, 10 p.c.; commercial service, 26 p.c.; construction, 29 p.c.; and forestry, 32 p.c.

The largest absolute increases in investment occurred in the housing and utility fields, each by approximately \$100,000,000. Some 91,000 housing units were completed and 93,000 units started in 1949, and the value of work put in place was close to \$800,000,000. This was almost one-quarter of all construction investment. The further development of water-power resources was the most important part of investment in the utilities field in 1949. Some 400,000 h.p. of hydro-generating capacity was installed in 1948 and 475,000 h.p. in 1949. Projects in hand at the end of 1949 would augment capacity by another 2,400,000 h.p. Principal additions to steam-generating capacity were 38,000 k.w. in 1948 and 115,000 k.w. in 1949, while some 500,000 k.w. are projected. Total investment of the electric-power industry in 1949 was close to \$300,000,000. A treaty was signed in February, 1950, between Canada and the United States for an increased diversion of water to hydro-electric purposes at Niagara Falls. This will permit the construction of new power plants on the Canadian side of the Niagara River to replace a number of existing plants that cannot make the most effective use of the available water.

Other important fields of resource development were related to mining. The most outstanding during 1949 was the bringing in of oil wells and the proving up of reserves of oil in Alberta. To the 226 producing wells in existence at the end of 1947 in Alberta, 273 were added in 1948 and another 565 in 1949. Proved reserves at the end of 1949 were estimated at 1,300,000,000 barrels. This development has also been accompanied by the bringing in of additional natural gas wells and the proving up of additional reserves of natural gas. The establishment of Western Canada as a major oil producer has necessitated increased investment in petroleum processing and distributing facilities. Oil refinery capacity in Canada increased from 300,000 barrels per day in 1948 to 335,000 barrels per day in 1949,