Canada took part in the large scale tariff negotiations under the General Agreement on Tariffs and Trade held at Torquay, England from September 1950 to April 1951 and also in the meetings held at Geneva in the autumn of 1951 and again in October 1952. Through its role in this and other international organizations and also in its relations with other countries, Canada's efforts were directed toward the removal of barriers to the free movement of goods and toward the achievement of a sound and dynamic pattern of world trade.

Capital Expenditure and Resources Development.—A notable feature of the post-war Canadian economy has been the large volume of capital expenditure on durable physical assets, such as manufacturing establishments and office buildings, machinery and equipment, schools and roads and residential housing. Private and public investment amounted to $4,581,000,000 in 1951 and was estimated at $5,181,000,000 for 1952. Of these totals, capital expenditure by federal, provincial and municipal governments amounted to $774,000,000 in 1951 and to $957,000,000 in 1952. In physical terms investment rose 9 p.c. in 1951 and 10 p.c. in 1952. Over the two year period, new construction accounted for 58 p.c. of total investment and machinery and equipment accounted for the remainder.

This represented about as large a volume of investment as the economy was capable of supporting under the conditions existing in 1951 and 1952. In physical size it was the largest on record. In terms of percentage of the gross national product which it represented, the investment program of 1929 was larger but the wave of investment which reached its peak in 1929 occurred at a time when there was no large rearmament program in progress and when general demand for goods and services was exerting less strain upon the economy than in recent years.

Investment in capital goods plays a vital role in maintaining and increasing the productive efficiency and capacity of the nation. In recent years about 50 p.c. of all capital expenditure has been required to offset depreciation and obsolescence. Large capital expenditure has been required to maintain employment and efficiency in the face of constantly changing patterns of domestic and international trade. With population rising, heavy capital expenditure has been required to utilize new manpower becoming available and to provide for the growing need for public works, services and housing. An indication of the rate at which Canada's productive potential has been increasing is provided by statistics on the rise in the nation's output of goods and services over a period of years. From 1947 through 1952, Canada's capital expenditure was high, its productive capacity was almost fully employed, and the gross national product, in real terms, rose by an average of about 5 p.c. per annum.

Composition of the Investment Program.—The investment programs of 1951 and 1952 were marked by the very large shifts which took place in their composition. This can be seen by recalling the conditions of 1950. In that year, while the volume of investment was very high, it was only slightly above the previous year; most of the post-war shortages of labour and materials had been relieved; resources development, as reflected by the rapidly rising capital expenditure on utilities and mining, was assuming greater importance. On the other hand, the post-war wave of expansion in light and in heavy manufacturing was subsiding and investment in these sectors declined for the second successive year. Expansion in housing, trade, finance and commercial services, retarded by the War and by post-war shortages, was proceeding rapidly. Government capital expenditure was rising only moderately and was marked by emphasis upon non-defence projects, such as roads.