defence industry were also slowing down by the beginning of the year. The early stages of the defence effort absorbed considerable quantities of soft goods, such as clothing, footwear and personal gear, as Canada's Armed Forces expanded both for Korean service and to take part in NATO defence in Europe. By 1953 this aspect of defence procurement was declining in importance and expenditures on soft goods have continued to diminish. There has been, on the other hand, a growing volume of production of defence equipment. The items that required developmental work or special productive facilities have become increasingly available, and a larger proportion of output for defence has been coming from the shipbuilding, gun and ammunition, aircraft and electronics industries.

Capital Investment.—The nature of capital investment in Canada has also been changing in 1953. In the two previous years, investment was heavily concentrated in resources development, in facilities for processing raw materials and in industries producing for defence. New investment in housing and in service and business fields not essential to defence decreased during this period. These developments were accelerated by a variety of measures designed both to promote the first type of investment and to restrict the second. During this phase the annual value of new investment grew from $3,815,000,000 in 1950 to $5,122,000,000 in 1952, an increase of 20 p.c. in the first year and 12 p.c. in the second.

By 1953, as stated above, the build-up phase of the defence effort was giving way to the phase of sustained high output. Moreover, increasing production both of basic materials and of productive equipment was progressively easing the supply situation. The principal controls affecting the direction of investment had been removed by the beginning of 1953. These developments paved the way for the resumption of trends interrupted in 1950, and for catching up during the next two years on the secondary development postponed. Surveys of investment plans for 1953 showed that, while maintaining the broadening base of resource development and heavy industry, Canadian investment is moving back into fields temporarily subordinated to the defence build-up.

Total new investment in Canada in 1953, on the basis of preliminary figures, is estimated at $5,600,000,000, a 9-p.c. increase over 1952. Comparative stability of prices means a roughly similar increase in volume. New housing accounted for the largest dollar increase over 1952. The sharpest percentage increases were realized in the trade and finance groups. Reflecting the growing importance of the domestic consumer market, these expenditures represent construction of shopping centres and other retail outlets, and of wholesaling and office facilities. The investment program also reflects continued expansion in utilities such as electric power and telephone service, while railway outlays provide for the modernization of rolling-stock as well as for the extension of service to new developments of natural resources. During 1953 there has been further large-scale expansion in facilities for development and processing of natural resources. Petroleum and base metals are important in the mining category as are their processing counterparts in the manufacturing field. Several pipeline and refinery projects have been completed