

hand the value of orders increased noticeably in the construction, shipbuilding and weapons programs. Construction was affected by increased activity at Camp Gagetown and by work on the mid-Canada early-warning radar line. Increasing financial commitments in connection with the construction of destroyer escorts contributed to the rise in the net value of orders placed under the shipbuilding program; the large contract with Canadian Arsenals Limited for tooling and production of the new standardized 7-62mm C-1 rifle was an important factor in raising the level of orders under the weapons program.

The relatively small decline in expenditures to \$975,000,000 from \$1,000,000,000 in 1954 reflected defence production activity on orders placed before 1955. Declining expenditures occurred in most of the major programs, the exceptions being construction, electronics and communication equipment, and ammunition and explosives. With more military equipment in operation and increased fuel requirements associated with the mid-Canada line, expenditures on fuels and lubricants rose in 1955. There was no significant change however in the relative share of total expenditures attributable to each program. The outlay on the aircraft program continued to represent approximately two-fifths of the total.

Over the past few years, the ability of Canadian industry to produce a greater variety of defence items has made it possible to place a larger proportion of defence orders within the country. In 1955 only 4 p.c. of the net value of orders issued was placed outside of Canada, whereas in 1954 about 11 p.c. was placed abroad. Orders placed abroad were for items which could not be produced economically in Canada within the limits of current and anticipated defence requirements.

1.—Net Value of Canadian Government Defence Orders by Program 1954 and 1955 with Cumulative Totals from 1951

NOTE.—Includes construction contracts placed by Defence Construction (1951) Limited.

Program	1954	1955	Total Apr. 1, 1951- Dec. 31, 1955
	\$'000	\$'000	\$'000
Aircraft.....	664,364	169,281	2,072,111
Ships.....	66,221	73,639	379,207
Tank-automotive.....	56,407	13,642	261,651
Weapons.....	17,202	39,379	184,591
Ammunition and explosives.....	41,401	2,448	283,516
Electronics and communication equipment.....	84,507	87,506	462,976
Fuels and lubricants.....	43,847	51,405	199,694
Clothing and equipage.....	14,364	25,267	232,908
Construction.....	102,176	134,478	643,956
Other.....	130,889	129,148	679,765
Totals.....	1,221,378	726,194	5,400,275

2.—Canadian Government Defence Expenditures by Program 1954 and 1955 with Cumulative Totals from 1951

NOTE.—Includes expenditures against construction contracts placed by Defence Construction (1951) Limited.

Program	1954	1955	Total Apr. 1, 1951- Dec. 31, 1955
	\$'000	\$'000	\$'000
Aircraft.....	409,075	378,580	1,872,481
Ships.....	91,304	82,144	393,046
Tank-automotive.....	52,523	35,624	250,924
Weapons.....	28,191	23,456	118,371
Ammunition and explosives.....	56,494	60,371	193,221
Electronics and communication equipment.....	98,321	104,659	400,462
Fuels and lubricants.....	44,740	47,886	180,234
Clothing and equipage.....	20,588	18,707	231,279
Construction.....	94,774	111,658	652,308
Other.....	115,189	111,505	560,671
Totals.....	1,009,200	974,590	4,850,996