

in 1958, while on insured loans the decline was from \$3,929 to \$3,694.

LAND AND BUILDING COSTS

House-building costs increased in the first few months of 1958. The combined index of prices of residential building materials and of wage rates of construction workers increased from 140.2 in December to 143.0 in May. In May 1957, the index was 140.0. Most of the increase over the year was in wage rates.

The rise in the building cost index was accompanied by an increase in applicants' estimated costs under the National Housing Act. In the first quarter of 1958, applicants for loans from approved lenders estimated their construction costs for bungalows at \$10.56 per square foot. In the previous quarter the estimated cost was \$10.44 per square foot. The corresponding increase under the agency arrangement was from \$10.23 to \$10.43 per square foot.

Land costs under the Act changed little. Under the agency arrangement average lot prices were down slightly from the previous quarter, from \$2,243 to \$2,122. Outside the agency arrangement lot prices increased from \$2,439 to \$2,582.

Average total costs for single-family dwellings financed under the National Housing Act were \$13,145 for dwellings under the agency arrangement and \$15,322 for dwellings financed by approved lenders, a difference of over \$2,000. Most of the cost difference was accounted for by the smaller size of dwellings under the agency arrangement. These dwellings were about 150 square feet smaller than other dwellings under the Act.

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UPTURN COMING?

Latest figures indicate that the recession may now have reached its lowest ebb in the United States and that business conditions there in the months ahead may support rather than hinder recovery in Canada, according to the Bank of Montreal's Business Review for July.

There have been indications that conditions at home have been improving for some time, the review says. But in the light of the close U.S.-Canadian economic relationship, these signs were viewed with some reservation so long as similar trends were not apparent south of the border. Now, however, the B of M believes that the U.S. picture, too, is improving.

Entitled "Two Paths of Recession", the B of M review states, "It has been said that no two recessions are exactly alike and certainly the recent recession differs in many ways from that of 1953-54. There is, however, one important similarity in that, once again, the decline in Canada has been more gradual and less extensive than in the United States".

In explaining this greater stability in Canada, the bank says that, despite exhortations to "buy now", U.S. consumers have, in fact, been buying less since the third quarter of 1957, while in Canada "consumer expenditure has continued to grow and in the opening quarter of this year surpassed for the first time an annual rate of \$20 billion."

The relative strength of consumer buying at home can be attributed to the fact that, despite a decline in employment, the total income of Canadian consumers has continued to grow, while in the U.S. average weekly earnings of employed persons have been slightly lower this year than last, continues the B of M. Moreover, unemployment insurance, old age pensions and other transfer payments have risen to a greater extent in Canada than in the U.S.

One of the sharpest contrasts in the two economies is to be found in foreign trade, the bank believes, pointing out that while the net trade balance of the U.S. has deteriorated, that of Canada has improved. Developments in foreign trade have accentuated the U.S. recession, but part of the burden of declining demand in Canada has been borne by foreign rather than domestic producers.

In comparing the major components of demand in the two nations, the B of M says it would seem that the greater resilience of the Canadian economy in the recession can be traced to the relative strength here of both consumer demand and exports.

Canadian and U.S. industrial trends were similar in 1957, continues the review, adding "at the beginning of this year there was an upturn in the Canadian index of industrial production which was followed in the spring by a levelling out in the downward trend of business employment.

"In the light of the close economic relationship between the two countries, these signs of improvement in Canada were viewed with some reservation so long as the corresponding indices for the United States continued to decline.

"But the latest figures indicate that there, too, the recession may have reached its depth and that business conditions below the border in the months ahead may support rather than hinder recovery in Canada," concludes the B of M review.

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DELEGATION TO BOGOTA

The Department of External Affairs has announced that, at the inauguration of the new President of the Republic of Colombia, His Excellency Dr. Alberto Lleras Camargo, in Bogota on August 7, 1958, Canada will be represented by a Special Delegation headed by Mr. Robert Douglass Ford, Canadian Ambassador to Colombia, who has been designated Special Ambassador for the occasion.