

services and government outlays for goods and services, showed only a minor advance. It may be noted that this is the second successive quarter in which consumer expenditures have shown little change. The up-trend in outlays for new housing continued into the third quarter, with an advance of about 3 per cent, seasonally adjusted. However, the total increase in all three of the above components was insufficient to offset the declines which occurred in business outlays for non-residential construction, machinery and equipment, and in exports of goods and services. The latter component declined by 4 per cent.

On the income side, the pattern of change in the third quarter was rather mixed, with labour income holding relatively stable, and corporation profits before taxes showing an advance of 3 per cent (all data seasonally adjusted). Rents, interest, and miscellaneous investment income advanced strongly in the third quarter, but net income of farm operators declined. While the national income advanced a full 1 per cent in the third quarter, personal income showed virtually no change, in contrast to preceding quarters in which personal income has tended to move ahead of national income. The reasons for this are to be found mainly in the resumption of the upward movement of corporation profits and in the fact that the large quarter-to-quarter gains in transfer payments from government income holding relatively level, and little change in personal expenditure on consumer goods and services, the rate of personal saving in the third quarter was at virtually the same level as in the second quarter of 1958, or approximately \$2.3 billion.

With the value of this year's crop production now known, and data covering three-quarters of the year's activity in the non-farm sector available, it is possible to suggest an order of magnitude for the year 1958 as a whole. On the basis of present evidence, it seems likely that the gross national product in 1958 will be about 2 per cent above last year's figure of \$31.4 billion. With final product prices also higher by about 2 per cent in the first nine months of this year compared with a year ago, the physical volume of output in 1958 will likely show little change from that of the year 1957. This would represent the second year in succession in which the Canadian economy has shown no change in the physical volume of production. This would compare with a gain in the physical volume of output of 7 per cent between 1955 and 1956, 9 per cent between 1954 and 1955, and a post-war average for the years 1947 to 1957 of 4 per cent per year.

It may be noted in this connection that the stability in the total volume of output in 1958 reflects a slight decline in the level of production in the non-farm sector of the economy, and a modest increase in the farm sector. It is estimated that in the first nine

months of 1958, the volume of non-farm production was about 1 per cent below the same period a year ago. In the farm sector, while crop production was relatively unchanged in 1958, a sharp rise occurred in output and sales of livestock, associated with a rise in export shipments to the United States and higher domestic prices. The livestock item represents the primary factor in the increase in output of the farm economy during 1958.

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#### THE PRIME MINISTER'S TOUR (Continued from P. 2)

our few days together developed an earlier acquaintanceship into a genuine friendship.

"In Ceylon I met the national leaders in Colombo, the capital, well-known to all Canadians because of its connection with the Commonwealth Plan of aid to less-developed Asian countries. This new nation has many problems still to be solved, but I am able to report that Canadian assistance to this, as to other Colombo Plan countries, is already paying dividends in the kind of practical goodwill that will make Canadians and their products acceptable and welcome.

"In Malaya, we saw at first hand the struggle of the little nations of Asia against communism being waged on a still active fighting front. This is one of the vital battlegrounds of the drive of international communism for the heart and minds of the Asians. Malaya seems a long way off to most of us, but I can assure you that the results of the struggle now going on in Malaya will affect the lives of Canadians for many years to come. It is a good thing for us of the West that, whatever our differences in other matters, we still have men like Prime Minister Tunku Rahman in many strategic places in the Asian world, who understand the terrible implications in a victory for communism.

"The last of our talks took place in Australia and New Zealand, two Commonwealth countries with which Canada has many traditional political and economic ties. I found both Mr. Menzies, and Mr. Nash of New Zealand, hopeful about the prospects for expanding the two-way trade between our countries. I wish I had time to tell you of the fine relations Australia and New Zealand are developing with the new Asian nations. Quite recently Australia concluded trade agreements with Ceylon, Malaya and Japan, practical examples of that kind of mutual co-operation between East and West which must come quickly if the free world is to survive.

"And now, finally, it is proper to ask: "What has been gained for Canada?" My predecessor in office, Mr. St-Laurent, when he returned from a similar visit around the world, outlined the many advantages of his experience and I feel sure that they are as valid today as then. The average Canadian derives a third of his income from our export