



# STATEMENTS AND SPEECHES

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No. 59/1      REVIEW OF CANADA'S ECONOMY IN 1958

by

Mr. Gordon Churchill, Minister of Trade  
and Commerce, December 29, 1958.

As 1958 draws to a close, there are many signs of renewed economic growth in the free world and particularly in North America. At different stages within the past two years, most areas of the world have encountered some easing in the tempo of economic activity. This interruption was relatively more pronounced in the United States than elsewhere. Business conditions in that country underwent a relatively sharp, but short, set-back during the period from late summer 1957 to the spring of 1958. Although the subsequent recovery has been rapid, over-all output for 1958, as a whole, has been below the level of the preceding year. The adverse effects upon the rest of the world, of reduced activity in the United States have been less consequential than might have been expected. During this period, imports into the United States declined less than either exports or industrial production. Partly as a result of this decline in the trade balance of the United States and also reflecting the high level of foreign investment and aid, reserves of the non-dollar trading areas have increased substantially. Notwithstanding improved international liquidity, reduced activity in the United States and moderately lower factory output in a number of other industrial countries has been reflected in a decline in world trade from the 1957 level.

As a major supplier to the United States and other manufacturing countries, Canada could not escape the adverse effects of this world-wide decline in production. Material-producing industries, in particular, encountered a fall-off in demand for their products. Nor were these effects confined to export shipments. They have also exerted a dampening influence upon business investment which has been accentuated because of the fact that much of the build-up in productive capacity in recent years has been concentrated in export-oriented industries.

Considering the severity of the impact of these adverse influences from abroad, the pace of economic activity in Canada has been remarkably strong. Weaknesses in some areas of demand