

traints permeated the entire economy, house-building suffered the most, declining precipitously in the early part of 1957.

"Such was the setting. Yet, in spite of it all, Canada had a good year in 1957, and her growth is something of which we can all be proud. Establishing an all-time record, 475,000 babies were born. A total of 282,164 immigrants entered Canada in 1957 -- the largest number since 1913. The population passed the 16.8 million mark, and the labour force reached 6 million for the first time. There were 2.4 per cent more people employed than in the previous record year of 1956. Indeed, aggregate non-agricultural employment rose by 3.5 per cent.

"Despite the difficulties experienced in manufacturing, physical non-farm output actually rose by one per cent after allowing for price changes. When the smaller farm crop is taken into account, gross national product remained about the same in physical terms as in the record year 1956 but one billion dollars higher in amount. The decline in the gross national product in the fourth quarter amounted to only about 1 per cent in value terms, and was centred mainly in business inventories and in machinery and equipment investment.

"Labour income rose 7 per cent, and total personal income by 6 per cent. Personal expenditures on consumer goods and services rose 5.2 per cent in value and 1.6 per cent in volume. The value of capital expenditures rose by 8 per cent.

"Similarly, our export trade in 1957 reached an all-time record. Our exports of wheat in the first seven months of the current crop year advanced materially over the previous year. Canada was the only wheat exporting country in the world to report an increase in exports in this period.

"These are some of the reasons why I have characterized 1957 as a good year for Canada. At the same time, I am not unmindful of the unemployment which developed, and I shall say more about that. It is important to recall, nonetheless, that the unemployment stemmed not so much from an economic decline as from an abnormally rapid growth of the labour force.

"There are many reasons why Canada fared as well as she did under such adverse circumstances. One of them is the proven resilience of our economy despite a heavy reliance on external trade. Another factor is the adaptability of Canada's people and industries to new conditions. Time and time again, both in peace and in war, Canada has accomplished major shifts in the allocation of her resources with surprisingly little disturbance. The investment programme for 1958 is a case in point. The decline in business investment is being largely offset by an upsurge in expenditures on housing and other types of social capital. On its part the government has exerted itself to make an energetic and imaginative response to the economic and social problems which have confronted us.

UNEMPLOYMENT

"I wish now to turn to the subject of unemployment in Canada. Unemployment reached a low point in the summer of 1956. Aside from seasonal factors, it drifted upward for the ensuing year and a half. By the end of 1957, unemployment as a percentage of the labour force was higher than at any time in the post-war period. Under the influence of seasonal factors, it continued to rise until about the middle of last month (March). At its peak, however, it was significantly lower than many experts feared it would be. I am very glad to be able to inform you that, since about the middle of March, the normal seasonal drop in unemployment has occurred. Most recent figures on registrations with the National Employment Service reveal that unemployment is declining at a gratifying and accelerating pace.

"I am not, of course, suggesting that the unemployment problem has suddenly vanished. I think, however, that we will all be relieved and grateful to know that the seasonal peak has passed according to the usual pattern and that unemployment never did reach the level which many people feared.

"I should like at this point to interject a word of caution with regard to the statistical measures of unemployment. I have referred to the figures on unemployment registrations because they are a useful reflection of trends. At the same time, they vastly exaggerate the absolute level of actual unemployment. Applicants may register at more than one office, or remain registered after they have found work. Others may register even though they are not actively seeking work. Also recent legislative improvements have had the effect of further swelling the number of registrations this year over last. The most accurate statistical measure of unemployment in Canada is the Labour Force Survey which is conducted monthly by the Dominion Bureau of Statistics. The latest available survey, conducted in February, showed that there were 555,000 unemployed and seeking work. The results of the March survey will be available soon.

"Unemployment in those numbers, even though it was close to the seasonal peak, is a matter of deep concern for all of us. It is a problem which takes precedence over all others with your Government, and will continue to do so as long as it lasts. May I remind you of some of the steps already taken to meet it.

"We did what we could to mitigate the tight money policy as it was affecting house building. We made \$300 million of Government money available for N.H.A. mortgage loans. This proved to be a powerful stimulus to house building, and the sharp rise of activity in this industry has been an important offset to declines elsewhere.

"As you know, monetary control has been vested by Parliament largely in the Bank of Canada. Nonetheless, I am glad to report that the tight money condition has been substan-