



CANADA

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THE CANADIAN ECONOMY

(Excerpts from a speech by Mr. John H. English, Deputy Minister of Trade and Commerce, at the Eleventh Annual Conference of Provincial Governments' Trade and Industry Council, at Halifax, Nova Scotia, on September 30, 1959)

"...I propose to describe the present position of the Canadian economy and to examine some of the major influences determining present trends in the economy as a whole and in particular industries.

"As all of you are well aware, economic activity in Canada picked up markedly during the past year. This upward trend started gathering momentum in the closing months of 1958. By early 1959, the more comprehensive measures of general activity had surpassed previous maximum levels and subsequently the tempo of business activity has steadily strengthened. In the second quarter, Canada's Gross National Product reached a level 7.5 per cent above that for the same period of the preceding year. Much the greater part of this increase reflected higher physical output. The general level of prices appears to have increased by less than 2 per cent. By mid-year the index of industrial production was 7 per cent higher than a year ago and manufacturing output considered separately was up by about the same percentage.

"The labour market also has been strengthening. Total employment in August was nearly 3 per cent higher than in the same month last year and non-agricultural employment was up by 4 per cent. Since the labour force itself has shown renewed expansion in the summer months,

the decline in unemployment has not been fully commensurate with the increase in jobholders. Nevertheless, unemployment continues to run well below last year's level, and in August amounted to 3.7 per cent of the labour force, compared with 4.5 per cent in the same month of the previous year.

"The current expansion to date has been sparked largely by increased consumer buying, a high volume of housing and renewed accumulation of business inventories.

"Even during the recent business slowdown, the overall flow of incomes to individuals continued to move upward, supported in large part by higher government payments. Since late 1958, personal incomes have been further reinforced by a substantial pick-up in employee earnings, which have increased by 8 per cent during the past year. This growing volume of purchasing power at the disposal of individuals has provided the basis for the current strength in the consumer market. Durable goods in particular have forged ahead this year. Figures available to date show that sales of passenger cars are up by 15 per cent and major home appliances by a similar amount. In the first half of the year, total consumer outlays showed a substantial 6.5 per cent rise over the same period in 1958. With consumer prices up only 1 per cent, this represents the first

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