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Canada's economic achievement during 1954, measured in terms of production and income level, appears to have exceeded that of any previous year except 1953. From 1949 to 1953 the national output increased by five or six per cent a year. In 1954 it now appears that the gross national product, whether measured in volume or value (prices having remained nearly stable), will be a little lower than in 1953. The slight decline in physical volume of output is accounted for by the marked reduction in 1954 grain crops. Omitting grains, therefore, the national output appears to have remained about the same.

The recent interruption in the upward trend of the Canadian economy began with a rather general softening in market conditions toward the end of 1953 and, by the end of the first quarter of 1954, the gross national product (seasonally adjusted) had declined by three per cent from the peak level reached in the third quarter of 1953. The trend of national output then held steady through the middle of the year. Recently, however, new signs of strengthening have appeared. Manufacturing output, which experienced the sharpest decline, has almost levelled out.

These events were accompanied by higher unemployment. By December 1953, total employment had moved under the level of one year before and remained below for the ensuing ten months. The margin of decline remained small and at no point exceeded $2\frac{1}{2}$ per cent. By October 1954, employment was again above the level of one year before. Meanwhile Canada's population has continued to grow, as the result of natural increase and immigration, at the rate of some 400,000 a year. While employment has been barely holding its own, the labour force has been increasing. This increase has been less than proportionate to that of the total population. Thus, while the increase in total population over the last year has been approximately three per cent, the increase in the working force has been only about one per cent. Nevertheless, this small increase in the number of available workers when combined with the slight decline in employment over most of the year, resulted in a higher volume of unemployment. For the year as a whole the number of persons reported as out of a job and seeking work has averaged 4.3 per cent of the working force, compared with 2.6 per cent in 1953.

Personal incomes during 1954 have in general shown a stronger trend than either production or employment. The incomes of western farmers have suffered, in comparison with recent years of bumper harvests, from lower grain crops and some decline in prices. For other groups, the incomes of individuals have on the average been higher. In spite of the slight reduction in total employment during the first nine months and shorter hours in some industries, total labour income has been running about two per cent higher than in 1953. Personal investment income, consisting mainly of interest, dividends, and rentals, has also increased. Larger transfer payments, in the form of unemployment insurance benefits, old age pensions, family allowances