

PRODUCTION

Canada's Gross National Product in 1956 surpassed the \$29½ billion mark, roughly 11 per cent above the level of the previous year. Moderately higher prices contributed to this increase. After allowance is made for this factor, national output in physical volume terms rose by about 7 per cent, more than in any other post-war year except 1955, which was a period of recovery.

All major segments of industry contributed to this production increase. Larger grain crops and greater output of dairy products boosted agricultural production above 1955's high level. Strong demand and expanding capacity resulted in a record output of most of Canada's mineral, forest and chemical products, including petroleum, nickel, copper, iron ore, cement, newsprint and many others. In the first nine months of 1956, steel mills increased their output by about one-fifth, bringing production up to an annual rate of 5.2 million ingot tons. For the same period, imports of steel doubled, raising overall supply in the Canadian market by 50 per cent. Notwithstanding this substantial increase, some steel types, particularly structurals and plate, remain in acutely short supply. Among the leading industrial materials, lumber has been the only one to undergo a decline in output, reflecting lower shipments to the United Kingdom and also to the United States. Domestic lumber requirements were unusually heavy in the early part of the construction season, but have subsequently eased as a result of the down-turn in housebuilding activity in Canada.

Producers of electrical, industrial and office equipment were among those experiencing the sharpest rise in activity during 1956. In these lines, domestic shipments pretty well kept pace with the upsurge in imports. On the other hand, production of farm machinery remained relatively low, but rising farm incomes gave promise of some improvement in domestic sales at least. The Canadian automobile industry escaped the slump encountered in the United States. The output of all types of motor vehicles exceeded last year's level, but fell a little short of the 1953 record of 486,000 units. Except for television sets, output of the major household appliances was well ahead of last year's volume. Clothing, textile and leather goods manufacturers as a group showed some gain in 1956 over 1955, but in a few lines such as synthetic fabrics and rubber footwear the domestic industry lost ground in the face of stiff competition from abroad.

EMPLOYMENT

Total employment in 1956 rose by 200,000 persons, or nearly 4 per cent—more than in any comparable period within the last decade. Expanding immigration added to the supply of

workers available. However, natural increase in the adult population and immigration together accounted for only one-half of the increase in employment. The remainder was accounted for by the absorption of unemployed and by persons taking jobs who, under less buoyant conditions, would not be in the labour market. A continuing shift of workers out of agriculture added to non-farm employment, particularly in the early part of the year. By the late fall, unemployment had declined to the lowest level since the summer of 1953.

INCOMES AND CONSUMPTION

Notwithstanding the strong pull on resources for capital expansion purposes, the Canadian consumer continued to fare exceedingly well in 1956. Personal incomes increased sharply and nearly all groups participated in the rise. Farm income recovered substantially during the past year, reflecting higher production, increased grain exports and firmer prices. In the case of wage earning groups, an increase in average hourly earnings of about 4 per cent, higher employment, and somewhat longer hours of work combined to give a year to year increase of 11 per cent in total labour income. Dividend disbursements, rental returns and other forms of investment income were up substantially. Total personal income, after deduction of direct taxes, increased by about 9 per cent. Although consumer prices rose moderately during the latter part of 1956, per capita real income was 5 per cent higher. In terms of actual purchasing power Canadians were able to save more and also spend more. Thus there was a continuation in 1956 of the strong upward trend in living standards which has been evident in recent years. Canadians on the average are now buying 15 per cent more goods and services than was the case five years ago.

CAPITAL INVESTMENT

More capital investment was planned for 1956 than could be accomplished. Preliminary indications suggest that overall capital spending in 1956 exceeded \$7½ billion but fell short of the mid-year intentions figure of \$8 billion. After allowance is made for the rise in investment costs, capital spending in physical volume terms increased by about 15 per cent. Expenditure on capital goods now amounts to more than one-quarter of Canada's Gross National Product. This is the highest proportion attained in Canada's recent history.

Most of this additional investment has been directed toward further development of resource industries and the enlargement of facilities in transportation, power and other utilities. Expansion programmes which have figured prominently include the record pace of exploration and development of oil and natural gas resources in Western Canada, commencement of work on two gas pipe lines, one to the West Coast and the other to Eastern Canada, development of Canada's new uranium industry, and