

efficient economy."(1)

Implication for the Near-Term Economic Outlook

In coming to the end of my remarks, let me draw together some of the implications for the economic outlook for 1955.

Factors of Strength. Factors of strength in the Canadian economy that are likely to influence the pattern of next year include:

1. Continuation of population growth, currently close to 3 per cent per annum, and with it increased opportunities to do business in an expanding domestic market.
2. Continuation of resources development and the housing programme at a high level.
3. Improved prospects for export trade to the United States if that country resumes its path to further economic expansion, as has been suggested; to countries overseas as their economic and exchange situation continues to improve.
4. Increases in productivity which strengthen the competitive position of Canadian industry and make it possible for Canadians to earn higher profits and higher wages.

Factors of Weakness. Factors of weakness in the Canadian economy that are likely to affect the level of activity in 1955 include:

1. Declining farm incomes because of the particularly poor crop of 1954 are likely to reduce the purchasing power of the important agricultural sector of the Canadian economy.
2. Foreign competition is likely to continue to cause difficulties for some of our advanced manufacturing industries.
3. The ratio of unemployed to the total labour force is likely to remain higher than what we have been accustomed to during most years in the post-war period. While some of the income losses of those laid off will be offset by receipts of unemployment insurance benefits, the buying power of those affected would be reduced.
4. Uncertainty about the economic outlook is likely to result in the continuation of the present attitude of caution both on the part of businessmen and the general public. While most Canadians are probably reasonably optimistic about the economic outlook for 1955, that optimism could well be dampened if the U.S. economy continues to move "sideways" instead of "forwards" and if

(1) "The Role of Government", address by Mr. C.D. Howe, Minister of Trade and Commerce, Canadian Club, Toronto, April 5, 1954, pp. 5 and 8.