

below the peak reached in January.

In agriculture, high levels of income will again be reached. Although adverse weather conditions in the fall of 1951 delayed harvesting, favourable conditions in the spring of 1952 permitted recovery of substantial amounts. This fortunate development was followed by the production of the largest Canadian wheat crop on record, and the movement of grain to foreign markets has been very heavy. Farmers have generally co-operated in holding back cattle from market, and price supports on high grade beef and pork have prevented more serious income losses to farmers.

With high levels of employment and rising wage rates, labour income has reached record levels. In July, labour income for the first time exceeded \$900 million in a single month. For the full year it will be close to \$10 $\frac{3}{4}$  billion. In the light of recent decreases in consumer prices, this has resulted in an increase in the purchasing power of the general public in terms of actual goods and services. As we go into 1953, this high level of purchasing power will provide an important element of strength to consumer expenditure and the Canadian economy as a whole.

#### Prospects for 1953

While economic events during the coming year are subject to developments in the field of international relations, present prospects show little indication of any major change in 1953 from the generally favourable conditions that have prevailed in 1952.

Production for defence purposes will continue as a significant factor in the economy. Strategic resource development may absorb even more resources than in 1952. Total capital expenditure will continue at a high level.

Prospects in the export field are more difficult to predict. During the first nine months of 1952, Canada's exports to countries other than the United States showed an increase of 34 per cent over the like period in 1951. Because of exchange difficulties, it would not be surprising if sales to some overseas countries were not fully maintained at the exceedingly high levels realized in 1952. At the same time, present prospects would appear to indicate the continuation of a firm market in the United States, our largest customer. On the whole, foreign demand is likely to remain firm for most of Canada's leading export items such as wheat, newsprint, base metals, and other raw and processed materials required to support the generally rising level of industrial production in other western nations.

While there could be soft spots, prospective demands for defence, for capital expansion, and for exports, when taken in conjunction with the present strengthening in the domestic consumer market, suggest the maintenance in 1953 of a generally high level of activity and continued moderate upward movement in incomes and employment.