

On the expenditure side of the budget we stepped up moderately the scale of government construction in 1954, and again for 1955. We also introduced new housing legislation with a system of insured mortgages open to our chartered banks as well as to other lending institutions. As a result, residential construction, instead of declining with general business activity, actually increased, and quite sharply. At the low point of the recession, new housing starts were running about 25 to 30 per cent higher than in the same period of 1953.

In Canada we have, like you, a free economy and I would not want to give all the credit to government policy in minimizing the effects of the recession -- other factors and persons played their part. I would not wish to say that our measures and timing were always perfect, but I think I can fairly say that our governmental policies during this period were sensible and moved in the right directions.

Our recovery from the pause of 1953-54 has been very rapid, but appears to be soundly based. Employment is expanding to new high levels. In the winter of 1954-55, when seasonal unemployment was at its peak, its level was such as to cause real concern. However, by May, the pick-up in construction brought about a rapid decline in the number of people without jobs and seeking work, and this improvement continued and broadened throughout the succeeding months. In the past three months the number of persons without jobs and seeking work has been less than 2½ per cent of the total civilian labour force.

Employment opportunities have grown continually faster in 1955 than the labour force. Our labour force during the past year increased by 170,000, or about 3 per cent, but the number employed is up more than 200,000, or nearly 4 per cent.

This large decline in the number of unemployed in a period of greater than normal growth in the labour force is evidence of the exceptionally high rate of activity in Canada this year.

Investment, which has been one of the main driving forces in the post-war period, has again expanded in 1955 after the moderate decline of 1954. Not only were investment intentions raised for 1955, but the mid-year survey of investment indicates that total capital expenditures will be some 5% higher than originally forecast. There has been a sharp renewal of increased investment in manufacturing. This is related particularly to our rising level of exports of pulp and paper and non-ferrous metals. Capital outlays in the paper products group of industries are expected to be 73% higher than in 1954, and in non-ferrous metals group 53% higher. Increased investment in mining, quarrying and oil wells will run to 28%, in housing to 13% and in institutions to 20%. For the aggregate, the main increase is in construction rather than in machinery and equipment, which it is estimated will be only 1% above last year.

Exports and imports have both expanded during 1955 by more than 10% - and we are still running a trade deficit with the United States of over \$600 million a year. Our increase in exports has been in the non-agricultural field, with the major gains in base metals, lumber, chemicals, iron ore, primary iron and steel and newsprint. Shipments of