

level. With acute shortages of labour pretty well overcome, unemployment increased somewhat from the extraordinarily low level of 1948. Nevertheless, while the overall figures conceal some difficult situations in particular localities and industries, the general employment situation was good by any peace-time standards of comparison.

It is not easy to assign specific reasons for the continued expansion of most lines of Canadian business in the face of the decline - relatively moderate though it may have been - in the United States. As an illustration of the contrast, I may refer to retail sales in Canada, which showed a year-to-year increase in dollar value of more than six per cent during the first ten months of 1949, whereas comparable figures in the United States reveal a decrease of one per cent. Another striking difference has been in the field of bank loans, where the effect of changes in the rate of inventory accumulation are particularly apparent. In the United States the total loans of commercial banks declined by one per cent during the first ten months of 1949, while the total Canadian loans of our chartered banks increased by ten per cent during the same period.

The contrast in experience during 1949 can be attributed partly to the longer continuance in Canada of backlogs of demand which had been accumulated during wartime. One factor which delayed the working off of these backlogs in Canada was the extent of our assistance to overseas countries, particularly in 1946 and 1947, and the subsequent limitations on imports which this has involved. Moreover, the whole process of post-war decontrol was more gradual in Canada than in the United States, and this had the effect of spreading the resultant upward pressure on prices more evenly over the three years 1946 to 1948. In the United States the effect of the release of these forces was felt mainly in 1946 and 1947.

Important factors contributing to the 1949 contrast may well have been the marked reduction in income taxes which took place in Canada during 1949, as well as the repayment of a very substantial amount of refundable taxes, and large payments to wheat farmers from proceeds of sales in earlier years.

The factors which I have just mentioned in accounting for the difference in business experience between Canada and the United States in 1949 are largely of a temporary character. However there have been other longer-run influences at work as well. I refer to the resource discoveries of the past few years in various parts of Canada. The resource developments which are now in sight seem sufficient to place Canada in a favoured position relative to other countries for some years ahead.

Leaving aside comparisons with others, and coming back to the purely Canadian scene, it is obvious that the continuance of new capital investment on a very high scale contributed greatly to the generally successful results of the year. Residential housing was up - so was investment in the major public utility programmes and in various forms of capital expenditure by governments as well as oil and other resource development. These increases more than offset a net decline in investment in plant and machinery by manufacturing and other business concerns. An indication of the activity in the capital development field is found in new financing undertaken by provinces, municipalities and business enterprises. Net new issues of bonds and stocks by borrowers in the categories to which I have just referred were approximately \$650 millions in 1949 as