



CANADA

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## CANADA'S FINANCIAL POLICIES IN 1960

Addressing the Canadian Club of Toronto on January 9, the Minister of Finance, Mr. Fleming, reviewed the 1960 Canadian financial scene as follows in part:

"...A year ago I spoke of the growth in the Canadian economy and the financial strains which accompanied it. We looked forward to a year of continued and vigorous growth. It is a gratifying fact that the Canadian economy in 1960 achieved a level of activity higher than ever before in our history. Nevertheless, it did not fulfil all our hopes and expectations. The year witnessed changes in economic conditions at home and abroad which have lately required a readjustment in the direction of fiscal policy. This has been carried through in keeping with our flexible approach to fiscal problems and took precise form in the Supplementary Budget of December 20...

### ECONOMIC REVIEW

"How did the change in the economic conditions in 1960 come about? Some of the causes originated in Canada; most of them originated abroad. I shall first speak of the latter.

"The most striking of the external features was the difference in outlook in the United States. A year ago the economic indices in that country portended steady growth. In fact, however, the economy of the United States has expanded very little since the beginning of 1960, and such expansion as did occur proved to be uneven. Our exports to the United States have actually declined slightly at a time when

our exports to all other countries were increasing by over 20 per cent.

"Since the early months of this year, there have been increasing signs of some easing in the rate of economic expansion in Europe. The situation varies from country to country. In the United Kingdom, which is by far the largest overseas market for Canadian goods, the level of industrial output has not increased since early summer. Moreover, it is not reasonable to expect the economies of the continental countries to maintain indefinitely their recent high rates of expansion. Developments in European trading arrangements undoubtedly pose problems for some quite important Canadian exports. While Canada's position in world trade remains strong and while I am not predicting any serious downturn in the United States, these trends have broad implications for Canadian demand, the more so when one considers the support rendered the Canadian economy by exports in 1960.

### BASIC CHANGES

"Underlying these shorter-term developments are certain more basic changes. One is the downward drift of world commodity prices, reflecting a reduced demand for raw materials and the correspondingly increased importance of service industries. This circumstance has a direct bearing on Canadian conditions and employment. Another major alteration also relates to raw materials and manufactures.

(Over)

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