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CONTENTS

Canada's Economy in 1964 and the Outlook for 1965	1
Canada's Health and Welfare in 1964	3
Huge Demand for Coin Sets	3
Electric Power in 1964	4
Fort Garry Expansion	4

Amy Skiers Compete	4
Canadian-Roumanian Relations	4
Canada and the ICY	5
Economics of Sport Fishing	5
National Council of Welfare	5
Disaster Aid to India, Ceylon	5

CANADA'S ECONOMY IN 1964 AND THE OUTLOOK FOR 1965

The following is the text of the year-end review of the Canadian economy issued by the Minister of Trade and Commerce, Mr. Mitchell Sharp:

Following several years of uninterrupted advance, the Canadian economy has moved forward with new vigour in 1964. More adequate utilization of the productive resources of the economy has been achieved. Many industries are operating at, or near, full capacity. Canada's gross national product has risen by 8 per cent from 1963 to 1964; in real terms, by 6 per cent. This year's grain crop, though below the all-time record of 1963, was well above average. All major industrial groups have contributed to the growth in national output. Service industries and construction trades have been unusually active. Secondary manufacturing has remained in the forefront of the general advance. Each of the principal regions of Canada has participated, in a major way, in this continuing growth.

In response to rising domestic sales and higher exports achieved under the incentive programme, there has been another notable expansion in the automotive industry. Although hampered by plant shutdowns towards the end of the year, motor-vehicle production for the year as a whole has exceeded the previous record of 630,000 in 1963. Steel production approximated 9 million tons, 11 percent higher than in 1963 and 40 percent above the level of three years ago. Other secondary industries achieving notable gains in 1964 include most machinery-producing groups and manufacturers of heavy transportation equipment, construction materials, chemicals, textiles, rubber products and flour.

Canada's resource-based materials again recorded substantial increases in production, the greatest

gains occurring in zinc, iron ore, potash, aluminum and plywood. The large addition to newsprint output reflected, in part, fewer and shorter U.S. newspaper shutdowns than in 1963 and some earlier years. Notably larger volumes of petroleum, natural gas, asbestos, copper and woodpulp were marketed. Moderate increases were reported for nickel, lumber and coal. Electric-power generation achieved its strongest increase in recent years.

INDUSTRIAL PRODUCTION

Total industrial production appears to have risen by nearly 9 per cent from 1963 to 1964 compared with increases of 8 per cent and 5 per cent in 1962 and 1963 respectively. The rise in industrial production since the beginning of the current expansion in 1961 now surpasses that realized in the resource boom of the mid-1950's. Moreover, this present phase of industrial growth is more broadly diffused, secondary manufacturing contributing significantly to the overall advance.

Despite more rapid growth in the labour force, new jobs have more than kept pace with new entrants to the labour market. As a result, unemployment has declined. Total employment was on average 3.6 percent higher in 1964 than in 1963 and unemployment was 12 percent lower. On a seasonally-adjusted basis, jobless persons have fallen to less than 5 per cent of the labour force.

A key feature of Canada's recent development has been the strong rate of improvement in productivity, especially in goods-producing industries. Technological advance and other forces contributing to the more effective use of productive resources result in higher real incomes and lower costs.

(Over)