

A GOOD YEAR FOR THE CANADIAN ECONOMY

The following is the text of a year-end message issued by the Minister of Trade and Commerce, Mr. George Hees, at the end of December:

"For the Canadian economy, 1962 has been a year of strong advance. The quickened pace of business activity which took hold in 1961 has continued in the current year. As a result the economic gains realized in 1962 are among the largest of the post-war years. On the basis of figures available to date, Canada's gross national product has increased by 8 per cent this year compared with last. National output in real terms has risen by 7 per cent. This rate of growth surpasses that realized in the free world at large, and within Canada's recent history has been exceeded in only three of the past 17 years. This expansion is all the more notable in that it has been achieved in the face of increasingly competitive world conditions, which is in sharp contrast to the buoyant demand situation of earlier post-war years.

GOODS-PRODUCING SECTOR

"The growth in output between 1961 and 1962 has been more pronounced in goods-producing industries than in services, and a major part of the gains have been realized in sectors of industry highly exposed to foreign competition. Figures available to date show industrial production in total up by more than 8 per cent. A number of secondary industries have contributed materially to this advance. Approximately 500,000 motor vehicles have been produced in Canada in 1962, 30 per cent more than in 1961 and surpassing the previous record levels of the mid-50's. Production of electrical apparatus has increased by 15 per cent, appliances by 15 per cent and textiles by 9 per cent. Rising activity in durable-goods industries and in construction have kept Canada's steel mills running close to capacity.

"On the basis of figures so far available, materials which have shown substantial production gains so far this year compared with last include the following:

	Percentage Increase
Steel	10
Petroleum and equivalent	17
Natural gas	44
Iron ore	44
Lumber	12
Cement	11

"Expanding industrial activity has brought a substantial increase in new job opportunities. In the first 11 months of the year, 177,000 more persons were employed, on average, than in the same period of 1961. The rise in employment has exceeded the growth in the labour force, and there have been 85,000 fewer persons unemployed. In 1962 there were 5.9 per cent of the labour force unemployed compared with 7.2 per cent in 1961 and 7.0 per cent in 1960.

INCOME DEVELOPMENT

"Income trends have been strong and important gains have been realized by all major income groups.

Total personal incomes were 8.5 per cent higher in the first nine months this year compared with last, while between the same two periods consumer prices were up by only 1 per cent. This upsurge in real income has provided the basis for both a strong consumer market and increased savings. At the same time, sharply higher corporate profits, accompanied by larger dividend disbursements, has given an important lift to business confidence.

"Against the background of this improving business climate, more is being spent on new plant and equipment. Available information indicates that the expanded business-investment programme anticipated at mid-year has been fully realized. This, together with the continued rise in institutional and public building and a moderate upturn in house-building, has stimulated activity in construction and other capital-goods industries.

FOREIGN TRADE

"Another key feature of the current expansion has been the generally strong performance in foreign markets. Figures for the first ten months of 1962 show merchandise exports 9 per cent higher this year compared with last. This follows upon a similar increase between 1960 and 1961. In other words, within the space of two years Canada's annual sales abroad have risen from \$5.4 billion to something in excess of \$6.3 billion, an increase of more than one-sixth. Items figuring prominently in this year's increase include iron ore, aluminum, petroleum and natural gas, lumber, woodpulp and a number of manufactured products. The continuing growth in exports of highly-manufactured products such as machinery and equipment and finished consumer goods is a particularly significant aspect of recent trade developments. Exports of this kind have increased by more than one-quarter over the last two years.

"Strong demand conditions in Canada have resulted in higher imports, which, in the first ten months of the year, are up 12 per cent. Much of this increase reflects the rise in prices of goods purchased abroad associated with the change in exchange rate. This means that a relatively small part of the recent growth of real demand in Canada has been supplied from abroad. This is in sharp contrast to previous periods of strong expansion, when increased domestic demand gave rise to a major upsurge in the volume of imports. In the current situation, a much larger proportion of the rise in domestic purchases is being supplied from Canadian sources.

"The moderately greater rise in the value of imports than in exports, together with a slightly lower adverse balance on "invisible" account, has resulted in a deficit on all current transactions of \$791 million in the first three-quarters of 1962 compared with a deficit of \$710 million in the cor-

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