

and natural gas in Alberta, of uranium in Saskatchewan, of nickel and copper in Manitoba, and of iron ore and non-ferrous metals in the central and Atlantic provinces. And to top it all, a continuous and unabated rise for close to a decade in both the nation's output and the nation's expenditure on expanding the capital facilities of this country on which higher productivity and a higher standard of living so heavily depend.

In 1954 our attention has again been drawn to the fact that a northern economy like Canada, dependent as much as it is on favourable weather conditions, cannot be relied upon to produce record crops every year. The law of averages was bound to catch up with us, as it did this year. Rain, frost, hail, wind, insects, rust and other blight all took a serious toll of this year's crop. As a result the 1954 wheat crop may turn out to be the smallest in the post-war period in quantity and the poorest in quality. Smaller crops this year are also indicated for oats, barley, rye and potatoes.

Further, the Canadian economy being heavily dependent on foreign trade cannot help but be affected significantly by declining markets abroad, particularly in the United States. Add to this the growing competition which Canadian fabricating industries, in particular, had to face from foreign imports and you can see that the year 1954 provides an object lesson on why a free enterprise economy depending heavily on favourable weather and export trade - the latter are two factors over which Canadians with the best of intentions have no control - cannot be expected to top each year the preceding year's economic record.

Visitors to Canada on learning of our crop failure, decline in exports and rise in unemployment, might readily conclude that Canada is in the midst of a serious recession. Well, fortunately there are many elements of basic strength that have remained in evidence during the year: a continuation of our resources development programme, a record volume of residential and commercial construction, a high volume of consumer spending, and little change in government outlay. As a result, our gross national product, excluding the agricultural sector, during the first half of the year was running at about last year's record levels. In the third quarter we may even have been a little ahead.

The economic record of 1954 points more clearly than in other post-war years to some of the strengths as well as some of the weaknesses of the Canadian economy: 11 per cent of our national income is earned in agriculture; 23 per cent of our gross national product consists of Canadian exports. Hence, a poor crop coupled with an overall decline in our sales abroad cannot help but affect the Canadian economy more adversely than that of almost any other industrialized society. But these are basic weaknesses that have been with us all along. Perhaps we have learned to live with them. They arise out of our climatic conditions and the structure of our industries which in turn is greatly influenced by the availability and type of our natural resources and our ability to develop these on a world competitive basis.