



CANADA

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CONTENTS

Canada's Economy During 1961	1
Coal in 1960	2
National Health in 1961	3
B.C. Amateur Film Festival	3
New Arctic Bird Sanctuaries	4
"Heritage de France" Exhibit	4
Sale of Farm Products	4

Clothing Mission to Europe	4
Canada and El Salvador	5
Writing and Painting Grants	5
Royal Visits in 1962	5
Canada-U.S. Trade Talks	6
Engineers and Scientists	6

CANADA'S ECONOMY DURING 1961

The following review of the Canadian economy in 1961 was issued by Mr. George Hees, the Minister of Trade and Commerce, on December 29:

"As 1961 closes, forces are in motion which could bring a major reshaping of world trade patterns. Britain, Canada's major overseas customer, is now negotiating to enter the European Common Market. The ramifications of such an association would have far-reaching implications for virtually all trading nations. Canada, as a member of the Commonwealth and as a major world trader, is doubly affected. This new formative period in world trade relations comes upon us at a time of expanding economic activity in nearly all parts of the world.

"This favourable climate should help to foster outward-looking attitudes on the part of countries adapting to these new conditions. For Canada such a prospect poses the likelihood of considerable adjustment, but it also gives promise of new opportunities.

DOMESTIC PROSPERITY

"Meanwhile, the pace of the economic expansion in Canada has accelerated in 1961. National output has increased sharply from the beginning to the end of the year. Industrial production has moved into new high ground and, on the basis of the latest figures, is running six per cent higher than a year ago. Higher operating levels in Canadian industries have meant more employment and increased incomes.

"The upward trend of total personal income has accelerated, and corporate profits have reversed

their previous decline and appear headed to new records. The labour market has strengthened. Over the course of the year, the growth of job opportunities has exceeded new job seekers, and unemployment has declined. By November, there were 18 per cent fewer jobless persons in Canada than in the same month a year ago.

"Economic developments in Canada in 1961 have occurred within the context of renewed cyclical expansion in North America, and continued growth in most overseas countries. More goods have moved across retail counters, and spending on consumer services has increased in line with the strengthening trend of personal incomes. A resurgence in sales of automobiles and other durable goods was evident in the latter part of the year. Following a period on inventory adjustment, businesses are again adding to stocks, though at a moderate rate. Business outlays on plant and equipment turned upward at about mid-year.

BUILDING ACTIVITY

"In the field of residential house building, the easier terms under the National Housing Act, implemented last year, together with the greater availability of mortgage funds, have contributed to increased housing activity. Meanwhile, institutional and public construction has continued to expand. Special federal measures, which have helped to round out local public investment programmes, include the provision of financial assistance for such purposes as technical education, sewage projects, university residences,