

Problems Peculiar to Canada

This provides the general setting for our economic relations with you. But, of course, there are other factors to be taken into account if we are to try to arrive at a more sophisticated assessment of these relations. Our population in Canada is now some 19 million people. Your population is about ten times that size. With such a relatively small population, we are bound to face problems which do not trouble you. We are faced with the problem of geographical diffusion, which adds to our overhead costs. We are faced with the problem of producing goods and services on a scale that is adequate, in a modern industrial context, for achieving maximum efficiency. We are vastly more dependent than you are on the need to export the goods and services we produce. Above all, we cannot afford to leave out of account the enormous preponderance of the United States in the North American economy. Economic developments in our country are greatly influenced by developments in your own economy and we, like other countries, depend on the United States to follow international economic policies that will provide the right environment for our economic growth. It is against this background that I should like now to survey the present North American scene.

In common with most of the free world, North America is at this time experiencing conditions of vigorous economic activity. While there are still problems facing us, we are confident that these can be met and progressively overcome. I need hardly say that continuing economic expansion of your country has been a major element of strength in the larger world picture.

Period of Sustained Expansion

Canadian experience in recent years has closely paralleled that of the United States. We are now well launched into a sustained period of economic expansion. We are confident that this expansion can be maintained, although it may not be possible to maintain it at as rapid a rate as at present. Based on the performance of the Canadian economy during the first half of the year, we expect 1964 to show an increase in our gross national product over 1963 appreciably greater than the 6½ per cent in dollar value which was achieved between 1962 and 1963. This tremendous expansion of incomes and employment in Canada has benefited nearly every sector of our population, whether in industry or in agriculture. And it has taken place in our country, as it has in yours, with relatively little increase in costs and prices.

We are particularly pleased that the rapid growth in our economy has brought about a decline in unemployment. This has dropped from just under 6 per cent in mid-1963 to less than 5 per cent in 1964. Indeed, in March of this year the level of unemployment was as low as 4.6 per cent, the lowest at any time since 1957. We are confident that further progress can be made in expanding work opportunities for Canadians. This is a prime objective of the Canadian Government. We are pleased with the progress that has been