

appears to have resumed its upward momentum in the months since. In my Budget Speech on April 9 last, I forecast that the G.N.P. would increase in 1959 as a whole by 7 per cent over the previous year. I see no reason to doubt that this result will have been achieved. In shaping the quality of this growth, I think it fair to say that fiscal adjustments to the circumstances of an expanding economy and the restraint of federal demands upon the capital market for new money played a vital part. Certainly in the choices we made in the Budget we did not impede or hamper the forces of expansion. As we face 1960 those forces continue strong.

### A Prosperous Year

In brief, therefore, 1959 was a good year for Canada. It was a year of growing confidence, rising employment and recovery moving into a broad expansion -- moving, indeed, to such an extent that it brought financial strains with it. Internationally, it will be remembered as a year of relaxation of tension when talks replaced threats. It will also be remembered as a year of tremendous economic recovery in Western Europe and Japan and consequent sharpening of competition.

I have been speaking of the fifties as a momentous decade. The 1960 scene opens in Canada on an economy which is much more mature and more developed than that of 1950. We cannot, however, spend long in contemplation of the past. We cannot relive it, we cannot undo it. We contemplate it in order to derive instruction from its successes and failures, to profit from the lessons to be learned from it.

During the decade just ended, Canada has enjoyed substantial growth. Gross National Product has almost doubled from \$18 billion in 1950 to nearly \$35 billion in 1959. However, to a considerable degree this progress has been associated with unstable elements in the economy, over a quarter of the gain has been consumed by price increases, and the lustre of our prosperity has been somewhat tarnished by two recessionary cycles. Too often we have been tempted to pursue too rapid a rate of growth with too little regard for the inevitable consequences and inequities.

### A New Decade

For the Canadian economy, the new decade of the sixties opens in an expansionary phase, one that gives promise of being more securely founded in terms of demand, resources and productivity. 1960 offers the prospect of continued sustainable growth provided we are prepared to pay heed to the lessons of the fifties. New elements bid fair to come forward to lift the economy to new heights, chief among them export demand and capital investment.

The level of Canadian exports is rising. The international economic climate is expansive, many of the war-born impediments to trade are vanishing, and the rising reliance in the United States and other major countries of the free world upon external suppliers of industrial materials holds important potential for Canadian exports so long as they can remain competitive.