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BRIGHT OUTLOOK FOR AGRICULTURE

Prospects for 1957 were studied this month in Ottawa by delegates to the Annual Agricultural Conference who agreed that economic conditions in this country and the rest of the world should be favourable to Canadian agriculture next year.

Reports presented at the meetings indicated that the current high level of economic activity in the industrialized countries of the world seems likely to continue well into 1957. Demand is expected to remain strong throughout most countries of the world, which will keep production and investment at a high level. This should have a supporting influence on the demand for agricultural products. It appears that the decline in agricultural prices of the past few years may have levelled out in the latter months of 1956, and it seems unlikely that there will be any further decline in the general level of farm prices in 1957.

Economic developments in the past year are encouraging to the outlook for trade in agricultural products. There has been a general improvement in the international balance of payments situation and a number of countries have increased their gold and dollar holdings. Another encouraging factor has been the introduction in various countries of more flexible fiscal and monetary policies. Western Europe has introduced some measures helpful to trade with the dollar area. Under the General Agreement on Tariffs and Trade, Canada obtained concessions in the United States tariff on

several agricultural products. In the Commonwealth countries, a number of changes have taken place in import restrictions providing Canada with more favourable trading conditions, particularly in the British West Indies.

ECONOMIC OUTLOOK FOR CANADA, 1957

For the Canadian economy 1956 was another year of substantial growth. The rise in the physical national product was close to the record increase of nine per cent achieved in 1955. The creation of new capital facilities proceeded on a broader scale than ever before and also increased more rapidly than in any previous postwar year. The general attitude of business is one of sustained confidence for 1957.

Generally buoyant activity, more employment, higher wages, large dividend disbursements, and better returns to farmers brought a steady increase in personal income levels. Continuing strength is expected for 1957 in the financial position of the Canadian farmer.

Economic conditions in Canada and the rest of the world in 1957 should be favourable to Canadian agriculture. Farm cash income will probably be maintained at the 1956 level; this will depend not so much on the size of the crop as on exports and the availability of elevator space for grain deliveries approximating those of 1956 from the large stocks presently stored on farms.

Cash income from the sale of livestock is

(Over)

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