



STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA

No. 58/24 SALIENT FEATURES OF CANADIAN ECONOMY

Excerpts of an address by Mr. Donald Fleming,
Minister of Finance, to the Investment Dealers
Association of Canada, Murray Bay, Quebec,
June 19, 1958

... In my Budget Speech Tuesday evening (June 17) and in the White Paper which I tabled in the House of Commons on Monday I reviewed in detail the economic forces in operation during 1957 and the early months of 1958. Today I should confine the review to some of the more salient features.

ECONOMIC REVIEW

Some slow-down in economic activity was to be expected after the excessive pace of 1955 and 1956, a pace which was straining our resources of men and materials despite very large borrowing abroad.

The most important change which emerged during 1957 was the decline in the importance of business capital investment as a dynamic force in our economy, particularly investment in our resource industries. A somewhat larger decline in capital investment occurred in the United States.

Although business capital investment ended the year on a weaker note than it had begun, the reverse was true of housing. The expansion of housing investment had come to an end in the middle of 1956 when the keen competition for loan funds resulted in a shortage of mortgage money and brought about a decline in home-building. During 1957, however, the competition for loan funds became less active as the year progressed and, more important, in August and again in December government funds in a total amount of \$300 million were made available to augment the loan funds supplied by insurance companies, banks and other private lenders.