

An important aspect of the current expansion in goods-producing industries generally has been the tendency for production to move well ahead of employment. Scarcely one-quarter of the rise in jobholders during the past year has taken place in goods-producing industries. Service industries have played an important role in the general expansion, having accounted for the remaining three-quarters of the increase in total employment.

The foregoing review of current trends in Canada's principal industries serves to point up the widespread nature of the economic upswing now underway. Even in those sectors which have not to date participated in the general expansion, there is promise of improvement. While the upswing thus far has been based in large part upon domestic market growth, continuation in this trend will depend to an increasing extent upon the existence of a favourable international climate. In this regard current prospects are encouraging.

Upward Trend in World Trade

By June 1959, industrial production in the United States had increased 23 per cent from the April 1958 low. Though presently interrupted by strikes in steel and elsewhere, there is a general expectation that the upward trend will be resumed once the major disputes are resolved. Expansion in the United States has been accompanied by a rising volume of purchases from the rest of the world and the continuation of a substantial outflow of aid and investment funds. In the early part of 1959, the United States deficit on current and capital account was even larger than in the same period of the preceding year. In other words, trade and credit transactions with the rest of the world have continued to add substantially to the buying power in the hands of other trading nations.

In the United Kingdom, the expansion to date has been quite moderate, industrial output having increased by about 5 per cent from a year ago. Nevertheless, unemployment has receded from last winter's high point and there are other indications that the tempo of activity is now accelerating. In West Germany, a strong rate of expansion has been resumed with industrial production up 8 per cent over the past year. Other Western European countries also have achieved good gains. Japan has made an impressive recovery after a relatively serious adjustment, industrial production having risen 10 to 15 per cent.

The less developed areas of the world have not to this point experienced a comparable degree of recovery. Economic progress in these countries is conditioned in large part by the earnings realized from the export of agricultural products and raw materials. World commodity markets have experienced only limited and uneven recovery from the general decline of recent years and conditions vary sharply from one area to another. The economic climate in the southern Commonwealth countries has