



CANADA

CANADIAN WEEKLY BULLETIN

INFORMATION DIVISION • DEPARTMENT OF EXTERNAL AFFAIRS • OTTAWA, CANADA

Vol. 13 No. 18

April 30, 1958

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UNEXCELLED FUTURE FOR CANADA

"The factors which caused a levelling out of economic activity in Canada are on the whole of a temporary nature, and most of them had their origins abroad. Canada has an unexcelled future in store."

These words keynoted an address given last week by Finance Minister Donald M. Fleming at a meeting of the Hamilton, Ont., Junior Chamber of Commerce.

Excerpts from Mr. Fleming's speech follow:

REVIEW OF 1957

"The statistical record of the Canadian economy for 1957 is now fairly complete with the recent release of the annual National Accounts by the Dominion Bureau of Statistics. It is important to examine the aggregates for the year as a whole despite the flood of monthly and even weekly figures with which we are blessed nowadays. By examining the record over a full year, we can more readily distinguish the enduring trends from the random ups and downs.

"Last year I suppose we all followed the current indicators with particularly close attention because it was a time of some uncertainty. The preceding year 1956 had been one of quite extraordinary growth. Gross national product in that year had risen more than 7 per cent in real terms compared with a long-run average of around 3 per cent. We all knew this rate of growth could hardly continue, if only because the labour force normally

increases by only about 2 per cent annually. We also knew that the growth rate of 1956 had been achieved at the expense of very heavy borrowing from abroad, inflation and other distortions of our growth record.

"These sober facts of life did not, however, allay our apprehension when adjustments began to appear in 1957. A number of factors combined to make 1957 a year of reckoning. United States industrial output began declining early in the year. The upward surge of output in Western Europe slackened, and in some cases turned downward. Efforts by the United Kingdom to curb rising prices had an adverse effect on imports of industrial materials. These developments were communicated to Canada in a number of ways, including a softening in the demand for our forest products and minerals. Capital expenditures in our resource industries, which had been a prime cause of the 1956 boom, began to level out.

"The climate of opinion in Canada changed from optimism to caution during 1957. This was reflected by movements in the stock market and by a reluctance of consumers to make major purchases which could be postponed. Production of consumer durables declined, and with it the demand for the products of your steel mills here in Hamilton. Indeed, the 1957 declines were largely in durable goods.

"The tight money policy of that period also had a depressing effect which could quickly be offset. While the effects of the credit res-

traints permeated the entire economy, house-building suffered the most, declining precipitously in the early part of 1957.

"Such was the setting. Yet, in spite of it all, Canada had a good year in 1957, and her growth is something of which we can all be proud. Establishing an all-time record, 475,000 babies were born. A total of 282,164 immigrants entered Canada in 1957 -- the largest number since 1913. The population passed the 16.8 million mark, and the labour force reached 6 million for the first time. There were 2.4 per cent more people employed than in the previous record year of 1956. Indeed, aggregate non-agricultural employment rose by 3.5 per cent.

"Despite the difficulties experienced in manufacturing, physical non-farm output actually rose by one per cent after allowing for price changes. When the smaller farm crop is taken into account, gross national product remained about the same in physical terms as in the record year 1956 but one billion dollars higher in amount. The decline in the gross national product in the fourth quarter amounted to only about 1 per cent in value terms, and was centred mainly in business inventories and in machinery and equipment investment.

"Labour income rose 7 per cent, and total personal income by 6 per cent. Personal expenditures on consumer goods and services rose 5.2 per cent in value and 1.6 per cent in volume. The value of capital expenditures rose by 8 per cent.

"Similarly, our export trade in 1957 reached an all-time record. Our exports of wheat in the first seven months of the current crop year advanced materially over the previous year. Canada was the only wheat exporting country in the world to report an increase in exports in this period.

"These are some of the reasons why I have characterized 1957 as a good year for Canada. At the same time, I am not unmindful of the unemployment which developed, and I shall say more about that. It is important to recall, nonetheless, that the unemployment stemmed not so much from an economic decline as from an abnormally rapid growth of the labour force.

"There are many reasons why Canada fared as well as she did under such adverse circumstances. One of them is the proven resilience of our economy despite a heavy reliance on external trade. Another factor is the adaptability of Canada's people and industries to new conditions. Time and time again, both in peace and in war, Canada has accomplished major shifts in the allocation of her resources with surprisingly little disturbance. The investment programme for 1958 is a case in point. The decline in business investment is being largely offset by an upsurge in expenditures on housing and other types of social capital. On its part the government has exerted itself to make an energetic and imaginative response to the economic and social problems which have confronted us.

UNEMPLOYMENT

"I wish now to turn to the subject of unemployment in Canada. Unemployment reached a low point in the summer of 1956. Aside from seasonal factors, it drifted upward for the ensuing year and a half. By the end of 1957, unemployment as a percentage of the labour force was higher than at any time in the post-war period. Under the influence of seasonal factors, it continued to rise until about the middle of last month (March). At its peak, however, it was significantly lower than many experts feared it would be. I am very glad to be able to inform you that, since about the middle of March, the normal seasonal drop in unemployment has occurred. Most recent figures on registrations with the National Employment Service reveal that unemployment is declining at a gratifying and accelerating pace.

"I am not, of course, suggesting that the unemployment problem has suddenly vanished. I think, however, that we will all be relieved and grateful to know that the seasonal peak has passed according to the usual pattern and that unemployment never did reach the level which many people feared.

"I should like at this point to interject a word of caution with regard to the statistical measures of unemployment. I have referred to the figures on unemployment registrations because they are a useful reflection of trends. At the same time, they vastly exaggerate the absolute level of actual unemployment. Applicants may register at more than one office, or remain registered after they have found work. Others may register even though they are not actively seeking work. Also recent legislative improvements have had the effect of further swelling the number of registrations this year over last. The most accurate statistical measure of unemployment in Canada is the Labour Force Survey which is conducted monthly by the Dominion Bureau of Statistics. The latest available survey, conducted in February, showed that there were 555,000 unemployed and seeking work. The results of the March survey will be available soon.

"Unemployment in those numbers, even though it was close to the seasonal peak, is a matter of deep concern for all of us. It is a problem which takes precedence over all others with your Government, and will continue to do so as long as it lasts. May I remind you of some of the steps already taken to meet it.

"We did what we could to mitigate the tight money policy as it was affecting house building. We made \$300 million of Government money available for N.H.A. mortgage loans. This proved to be a powerful stimulus to house building, and the sharp rise of activity in this industry has been an important offset to declines elsewhere.

"As you know, monetary control has been vested by Parliament largely in the Bank of Canada. Nonetheless, I am glad to report that the tight money condition has been substan-

LA VERENDRYE HONOURED

Mr. William Hamilton, Postmaster General, has announced details of a new design postage stamp to be issued on June 4, 1958.

The new stamp will honour Pierre Gaultier de Varenne, Sieur de la Verendrye, famous French explorer of the early 1700's who penetrated to what is now western Canada via Rainy River and Lake of the Woods. La Verendrye was also responsible for the opening up of extensive trading activities in the western regions.

The stamp will be large size, horizontal format, blue in color and of the five cent denomination.

TRADE MISSION REPORT

In its report to the Government and people of Canada, made public last week, the Canadian Trade Mission to Britain stated that undoubtedly the Canadian market offers widespread and ever-increasing opportunities to those British industries which are prepared to cultivate it with diligence, intelligence, and with an emphasis on long-term development rather than on short-term profit. Canada is still one of the world's frontiers. Pessimism is recognized as a form of cowardice and optimism as a sort of courage. In that frontier, men from the British Isles were most notable pioneers in the years that have passed. Today the beckoning immensities of Canada's North and West still call the adventurous and courageous to share in the illimitable promise and prospect of prosperity.

As a result of rapidly changing world conditions, the Canadian people in a little more than half a century have found themselves following a vastly different pattern of industry and employment than did the generations which went before them. In 1901, for example, 40 per cent of the Canadian labour force found employment in agriculture. This dropped to 26 per cent in 1941 and 14 per cent in 1956. Employment in manufacturing rose from 16 per cent in 1901 to 23 per cent in 1941 and 26 per cent in 1956. Trade, transportation, natural resources, construction, finance, and the various services and professions accounted for 40 per cent in 1901, almost 46 per cent in 1941, and 60 per cent in 1956.

In the years between the opening of the 20th century and today Canada has travelled steadily along the highway of progress and, except for one depression and a few short periods of recession, has known great prosperity, economic stability, and a phenomenal accession of national wealth. Particularly has this been so during the miraculous upsurge since the end of World War II, which has been distinguished by the greatest development of the nation's natural resources. Large scale primary production, on which our economy has

always been strongly based, has been the major contributor to the increase in Canadian export trade. Canadian exports reached a total of \$4,900 million in 1956. The significance of the figure and the importance of exports in basic industries are to be found in the fact that Canada leads the world in the output of newsprint, nickel, asbestos, platinum, metals and uranium, is second in wood pulp, gold, zinc, wheat, copper and lead, third in sawn lumber and silver. With imports valued at \$5,700 million in 1956, Canada maintained its position as the greatest per capita trading nation, enjoying some 6 per cent of the world's trade. With nearly 17 million people today, the population of Canada is increasing at one of the most rapid rates in the world -- a remarkable level of 3.3 per cent in 1957. A high birth rate coupled with large immigration has helped, of course, to maintain the stability and the buoyancy of the Canadian economy. Thereby a large and increasing labour force has been made available to develop the country's natural resources to meet the needs of its industry, and to advance the growth of the domestic market so necessary to support the process of industrialization. The Canadian Gross National Product of some \$29,900 million represents an increase at a compounded rate of 4.3 per cent per annum in the ten years ending with 1956. This is to be compared with a 3.6 per annum growth of the United States of America. With manufactured products valued at \$21,300 million in 1956, Canadian industrial output over the same period has increased at a rate of 5.2 per cent yearly, against a rate of 4.7 per cent in the United States.

In that same ten year period, Canada's annual mineral production grew in value from \$503 million to some \$2,100 million, having set new records for ten successive years.

While industrial production has outpaced that of agriculture since the turn of the century, the value of farm production has itself increased with occasional fluctuation, to a record level of \$4,039 million reached in 1951 and not surpassed since.

Whilst the greatest amount of required new capital has been obtained from Canadian sources, a substantial contribution has also come from abroad and mostly from the United States. At the end of 1956, non-resident investment in Canada reached a total of nearly \$15,500 million, and of this total, 75 per cent came from the United States and 16 per cent from the United Kingdom. The corresponding 1957 figure is \$17,000 million, and a preliminary breakdown indicates that origins will be proportionately similar. This type of investment is increasing year by year, and although most Canadians would prefer that this non-resident capital should be derived from a greater number of sources, they know that without it the expansion of their economy would have been greatly restricted.

UK MISSION HERE

A United Kingdom trade mission of eight topflight British industrialists, with several expert advisers, has started a month-long tour of investigation in Canada.

The visitors were met on arrival by F.G. Rutley, president of the Foundation Co. of Canada Ltd., and Montreal regional director of Canada's Dollar-Sterling Trade Council. This council was recently expanded by creation of regional committees to further its aim of encouraging British imports into Canada, and thus to promote two-way trade by raising Britain's capacity to purchase Canadian products.

Similar objectives are being sought by the mission and its sponsoring Dollar Exports Council, it was emphasized by Sir William Rootes, head of the mission and chairman of the Dollar Exports Council. Sir William is chairman of the Rootes Group of automotive companies in Britain.

The immediate aim of the mission, he indicated was to follow up and develop the stimulus to Canada-U.K. trade arising out of the four-week tour of Britain late last year by a party of Canadian industrialists and businessmen. The recently published report of the Canadian mission saw great potentialities for increasing U.K.-Canadian trade, which British interests were urged to investigate.

RESOURCES DEVELOPMENT

An upswing in private investment for the development of resources in Canada's North was reported by Mr. William Hamilton, Minister of Northern Affairs and National Resources, in a press conference held last week in Ottawa.

Mr. Hamilton also predicted a rich harvest for Canada in minerals and in new sources of gas and oil in offshore and underwater land masses as a result of a decision of the International Conference of the Law of the Sea recognizing national sovereignty over resources in the Continental Shelf.

Mr. Hamilton said that since last September 33 companies had taken out permits to search for oil on 27,000,000 acres of the Northwest and Yukon Territories.

The two main areas being explored, Eagle Plain and Peel Plateau, are adjacent to the \$8,000,000 highway being built from Flat Creek, south of Dawson, to Fort McPherson. Detailed survey work will be undertaken this year with construction crews moving in next spring. Completion date is 1962.

More than 602 oil exploration permits have been issued to about 200 different firms, including subsidiaries of the major companies.

The companies have paid the federal treasury about \$1,400,000 for their permits but the money will be returned if the initial ex-

ploration work stipulated by the permits is carried out.

Mr. Hamilton said the Government's policy of limiting charges for exploration rights was aimed at encouraging more extensive search for oil in the Canadian North.

LEADING MINERALS, 1957

Record amounts of copper, nickel, crude petroleum, natural gas and cement, and near-record quantities of iron ore and asbestos were produced in Canada last year, Dominion Bureau of Statistics reports in its December report on leading minerals. In all, there were larger production totals than in 1956 for 9 of the 16 minerals listed.

Year's production totals: copper, 360,745 tons (354,860 in 1956); nickel, 188,962 tons (178,515); crude petroleum, 181,845,637 barrels (171,981,413); natural gas, 220,094,105 M cubic feet (169,152,586); asbestos, 1,048,084 tons (1,014,249); cement, 6,066,381 tons (5,021,683); and iron ore, 22,303,483 tons (22,348,278).

Gold production in 1957 amounted to 4,419,383 fine ounces (4,383,863 in 1956); coal, 13,189,155 tons (14,915,610); lead, 181,690 tons (188,854); zinc, 409,528 tons (422,633); clay products, \$34,904,945 (\$37,387,757); gypsum, 4,598,294 tons (4,895,811); lime, 1,400,989 tons (1,295,699); salt, 1,771,559 tons (1,590,804); and silver, 28,361,873 fine ounces (28,431,847).

MESSAGE TO WEST INDIES

Prime Minister Diefenbaker issued the following statement on the eve of the inauguration of the West Indies Federation Tuesday, April 22:

"I am glad to accept the invitation to send a message to the Government and people of our new sister nation of the Commonwealth.

"As I write, I see the same setting in which the first Federal Parliament of Canada met nearly a century ago with hopes to be fulfilled and difficulties to be overcome. Long before that day Canadians had close relations with the people of the West Indies, and we look forward to ever-increasing ties of friendship as you too follow the path of nationhood and progress.

"My colleagues, the Minister of Trade and Commerce, the Secretary of State, and the Secretary of State for External Affairs, will be with you in Port-of-Spain to take part in the ceremonies on the important occasion of the Opening of the Federal Legislature by Her Royal Highness, the Princess Margaret. They will have an opportunity of expressing personally the warm good wishes of the Government and people of Canada. I should like, too, to wish you all happiness and good fortune.

BIRTHS, DEATHS AT RECORD HIGHS

Births and deaths reached record levels in 1956 and there was an increase in marriages over 1955, according to the final detailed annual report on vital statistics released by the Dominion Bureau of Statistics. The detailed statistical tables contained in this report bring the demographic trends of the past few decades up to 1956 and provide a breakdown of deaths in accordance with the intermediate tabulation of the international list of causes of death. While the death rate remained at 8.2 per 1,000 population in 1956, as it had been in the two previous years, the marriage rate moved up from 8.2 to 8.3, and the birth rate moved down slightly from 28.2 in 1955 to 28.0 in 1956.

Preliminary estimates for 1957, released last December in the monthly bulletin of vital statistics, indicated a level of 475,000 births, amounting to a rate of 28.6 per 1,000 population. Marriages were expected to reach a new peak of 136,000 with the rate moving down slightly to 8.2 per 1,000 population. It was anticipated that the death rate would move upward to 8.4 with deaths totalling 138,800.

Birth rates were lower in all provinces in 1956 than in 1955 except in Ontario, British Columbia and the Northwest Territories and these increases were not large. Of the 10 provinces, Newfoundland still had the highest birth rate at 35.0 followed by Alberta (31.1), New Brunswick (29.9) and Quebec (29.4). The Territories have consistently had higher rates than the provinces, standing at 40.1 in the Yukon and 41.3 in the Northwest Territories.

Close to 90 per cent of all children are now born in hospital, the proportion varying from 71 per cent in Quebec to 98 per cent in British Columbia. Before World War II less than 40 per cent of all children were born in hospital compared with over 67 per cent at the end of the war and 79 per cent in 1951.

The second highest number of marriages on record was registered in 1956, 132,713 as compared with 137,398 in 1946. Since the end

of World War II the annual number of marriages has, on the whole, been declining gradually, and the 1956 figure represents a sudden upsurge, despite the lower number of "depression" babies born between 1930-37 now reaching marriageable age. The marriage rate (per 1,000 population) increased slightly from 8.2 to 8.3 although there was a decrease in five provinces and the Yukon.

Of the total deaths registered in 1956, 14,399 comprised infants under one year of age, of whom 9,065 died within 4 weeks of their birth. After declining steadily for many years the infant mortality rate (per 1,000 live births) rose from a record low of 31 in 1955 to 32, with increases in 5 of the 10 provinces. The neo-natal death rate (per 1,000 live births) increased from 19 in 1955 to 20, with increases also in 6 of the 10 provinces.

The death rate from highway traffic accidents rose over 15 per cent and the number of deaths jumped by 538 from 2,953 in 1955 to 3,491 or more than the total who die each year from tuberculosis, typhoid, scarlet fever, diphtheria, whooping cough, poliomyelitis, measles, influenza and bronchitis combined, and almost three times as many as commit suicide each year.

Of the 131,961 deaths in 1956, 34,576 died of arteriosclerotic and degenerative heart disease, 20,868 from cancer, 14,447 from vascular lesions affecting the central nervous system (cerebral haemorrhages, thrombosis and embolism), 9,271 in accidents, 6,492 from influenza, pneumonia and bronchitis.

Almost half of all deaths were due to diseases of the heart and circulatory system, one-sixth to cancer and about 8 per cent to violence. Continuing the spectacular decline of recent years, the number of deaths from tuberculosis dropped from 1,403 in 1955 to 1,256 in 1956, the rate (per 100,000 population) dropping from 8.9 to 7.8. On the other hand death rates from diabetes, cancer and pneumonia all showed slight increases.

ANNIVERSARY GREETINGS

Prime Minister John G. Diefenbaker has released the text of the following letter to His Excellency David Ben-Gurion:

"I am taking advantage of the visit of the Hon. William Hamilton, Postmaster General, to send this message conveying to you and to the Israel nation as a whole the sincere good wishes of the Government and people of Canada on the occasion of the tenth anniversary of the State of Israel.

"The achievements of the Israeli people over the last ten years in the development of their country have won universal acclaim and we earnestly hope that the second decade of Israel's existence will see not only a con-

tinuation of your nation's rapid and fruitful progress, but also the establishment of an enduring peace on a mutually acceptable basis between Israel and its neighbours. You may rest assured that the Canadian Government will continue its support of United Nations efforts to remove causes of tension and to work towards a permanent peace in the area, conscious that peaceful conditions are an essential prerequisite for Israel's prosperity and well-being.

"I should like to take this opportunity to express my confidence that the close and friendly relations which have existed between our two countries ever since the founding of Israel will be still further developed and strengthened in the future."

UNEXCELLED FUTURE FOR CANADA

(Continued from P. 2)

tially relaxed. From a Treasury Bill rate of 3.88 per cent in June 1957 it dropped to a low of 1.58 per cent on April 17 of this year. I think few Canadians will weep at the bier of tight money.

"We have inaugurated a public works programme. In the current year, expenditures of this type will total over one billion dollars. In this connection you will note that our emphasis has been upon the creation of public facilities of lasting benefit. We have striven firmly to avoid enlarging expenditures of a current nature, because these have a way of becoming fixed annual charges.

"We have adopted a large number of important measures which are helping to sustain purchasing power. Among the measures which I have in mind are the tax reductions, the higher pensions for the aged and other groups, increased fiscal payments to the provinces, and extension of benefits under the Unemployment Insurance Act.

"Of course, I need hardly point out to this audience that, in a free society, sole dependence must not be placed upon the central Government. Even if the central Government were to succeed, unaided, in eliminating unemployment, the cure might well be worse than the disease. Our cost structure might move out of line with those of our competitors in external markets. When, as is sure to happen before too long, buoyancy returned to the world markets for forest products and base metals we would no longer be in a position to sell at competitive prices. If that were to happen, the very basis of our high living standards would have been undermined.

"Of course, no such dire things will be permitted to befall Canada. The provincial and municipal governments, industry and individuals may also be expected to shoulder their shares of the responsibility for combatting unemployment.

"All levels of government can seize the present opportunity to catch up on the backlogs of socially desirable projects which exist. Funds are now available to them at lower interest rates. In addition, Parliament has approved our programme of additional payments to the provinces which will amount to an estimated \$82 million this year, and from which the municipalities also will derive benefit.

"Business men can be of the utmost assistance by showing continuing confidence in the future of this land. This is an excellent time to plan and to build in order to meet the demands of tomorrow.

COMMONWEALTH CONFERENCE

"As part of its planning to meet the demands of the future the government has announced that on September 15 a Commonwealth Trade and Economic Conference will open in Montreal. It will be attended by representatives of the governments of all the nations of the Commonwealth and certain of the colonies as well. It will afford an opportunity for strengthening Canada's trade position and may well prove to be one of the most important conferences in Commonwealth history.

NEW BOND ISSUES

"I spoke of the importance of confidence. Let me now point to the most recent and gratifying example. Last week the federal Government completed the largest market borrowing operation in Canada's history in peacetime. A total of \$950 million was borrowed in four maturities of fourteen months, three, twelve and twenty years respectively. The issues were heavily over-subscribed and the books were closed almost immediately after they were opened. It is evident that Canadians have confidence in the nation's financial strength.

CONCLUSION

"I have heard it said that fear is usually the result of inadequate information. I have sought to place the stresses and strains of the past year in proper perspective and to state their root causes. Perhaps the most important conclusion that emerges is that the factors which caused a levelling out of economic activity in Canada are on the whole of a temporary nature, and most of them had their origins abroad.

"Last week in his annual report to the United Nations Economic and Social Council Mr. Eugene Black, the distinguished President of the International Bank, declared that the times through which the world is passing 'call for intelligent planning, hard work and thrift'. They do indeed for Canadians as much as for any other people in the world, if not more. Canada has an unexcelled future in store. Now is the time for us all to work, save, and plan for it."