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GROSS NATIONAL PRODUCT CLIMBS

Canada's gross national product continued upward in the third quarter of 1956 and was at a seasonally adjusted annual rate of \$30 billion. This constitutes a gain of close to 2 per cent over the second quarter, somewhat less than the increases of 3 per cent in the first two quarters of the year. Price factors have been somewhat more prominent in recent quarterly increases in the value of production, and related evidence suggests that about one-half of the gain in the third quarter is accounted for by higher prices, with the remainder representing an increase in the real volume of output.

On the income side, the major factor in the third quarter increase in gross national product has been a further advance in labour income, which rose by more than 3 per cent after allowance for seasonal variation. Employment and wage rates each showed further gains in the quarter. The recent sharp gains in income have been accompanied by a continued rise in personal expenditures on consumer goods and services; these showed a further increase of 2 per cent in the quarter. Business investment outlays for plant, machinery and equipment have been a major expansionary factor throughout the whole course of the year 1956, and in the third quarter they provided a continued impetus on the demand side, with a gain of about 7 per cent. These two factors together largely accounted for the increase in the nation's expenditure in the third quarter of 1956. Declines in residential construction and

in the rate of inventory accumulation were partly offset by gains in outlays by governments, and a small reduction in the deficit on current international account.

With the crop out-turn* now known and data covering three quarters of the year's activity in the non-farm sector available, it is now possible to suggest an order of magnitude for the year 1956 as a whole. On the basis of present evidence, it seems likely that the gross national product in 1956 will be about 11 per cent above last year's figure of \$26.8 billion. With final product prices higher in the first nine months of this year by 3 per cent or 4 per cent compared with a year ago, the gain in the physical volume of output will likely amount to about 7 per cent. A gain of this magnitude in the physical volume of output would be very close to the 9 per cent increase achieved in 1955, when the economy was recovering from the effects of the mild 1953-54 recession and increases in the labour force and in productive capacity had not been fully utilized. By any standard, this is an impressive performance, though it has been accompanied by some upward pressure on the general level of prices.

(Over)

* The value of crop production in 1956 is estimated to be \$150 million higher than in the year 1955.

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It may be recalled that in 1955 the pattern of demand was characterized by rising expenditures for consumer goods and services, a sharp advance in housing outlays, and a large gain in exports. In the first nine months of 1956, the major dynamic element on the demand side has been the very sharp expansion in the rate of fixed capital investment expenditure, but it is interesting to note that consumer expenditures and exports have also shown increases which come very close to matching those of the year 1955 in percentage terms. As a result, total final purchases (excluding inventories) by the major spending groups have increased by more than 11 per cent in the first nine months of 1956 compared with an increase of less than 9 per cent in 1955. However, a larger proportion of these final demands was met out of imports of goods and services in the first nine months of 1956, and the value of Canadian production has increased only slightly more than in 1955. As has been noted, price factors were more significant in this year's increase, and in volume terms the 1956 production gain will be somewhat lower than in 1955.

A number of major developments can thus be singled out as characterizing the first nine months of 1956. These are:

- (1) A very large advance in fixed capital investment expenditures by business, for plant, machinery and equipment.
- (2) A sharp rise in imports and in the current account deficit, accompanied by a gain in exports comparable to last year's increase.
- (3) Upward pressures on prices which are now showing up in all major segments of gross national expenditure, but more particularly in construction and machinery and equipment items.
- (4) An increase in consumer expenditures equivalent to that of the year 1955.
- (5) A marked increase in the rate of business inventory accumulation, particularly in the first half of the year.
- (6) Gains in national and personal income of 11 per cent and 10 per cent.

Gains in production in the first nine months of 1956 were accompanied by an increase of 5 per cent in the number of persons with jobs in the non-agricultural sector of the economy. Persons with jobs in the construction industry rose by 12 per cent. The very pronounced increase in the number of persons with jobs in the non-agricultural sector of the economy was made possible by a decline in unemployment, further transfers of persons from agricultural to non-agricultural employment, and by the entry into the labour market of members of the population not recently in the labour force. Persons without jobs and seeking work in the first nine months of 1956 were about 25 per cent below the same period of a year ago, and averaged 3 per cent of the total labour force.

Prices in the nine months have shown increases over a year ago in almost all categories of the gross national expenditure. Prices of machinery and equipment items have averaged about 7 per cent higher, while the price factor in new non-residential construction has averaged 8 per cent higher. Residential construction prices are up by about 4 per cent over a year ago. Both exports and imports of goods and services have risen in price by 3 per cent or 4 per cent. The price factor in consumer expenditure has risen by about 1 per cent in the nine months' comparison, and it should be noted that consumer prices have been rising more sharply since mid-year; between May and November the increase in the consumer price index was more than 3 per cent, mainly attributable to a rise in food prices, which had previously been declining.

AUTO TRANSPORTER: Canadian National Railways scored another North American "first" when its newest and largest freight car, the automobile double-deck transporter, was put through its paces in a public demonstration in downtown Montreal.

Representatives of manufacturers and auto dealers joined railway officers at the CNR's Bonaventure Yard to watch 1957 model cars being loaded and unloaded through the giant end doors of the auto transporter.

The auto transporter is the second new type of freight car which the CNR has introduced to the railroad industry within the past year. First came the pulpwood car, designed to improve loading and transportation of pulpwood and to increase car capacity by 70 per cent.

The auto transporter measures 74 feet, six inches long by 16 feet, six inches high. The car is the largest freight unit in service on any railway in North America.

Eight autos are carried on the two decks, loading and unloading under their own power via the special lightweight ramps.

A special feature of the car is the shock-absorbing tie-flown equipment which insures a safe, smooth ride for the automobiles. Each auto rides on platforms which can slide a few inches in either direction along the length of the car. The sliding action is controlled by heavy custom-built coil springs. Each auto is fastened down to its platforms by means of chain-and-turn buckle linkages which fasten to special hubs attached to the auto's wheels and axles.

Despite the car's great size, it can go anywhere on Canadian National Railways lines in Canada except for some half-dozen points where clearness is limited.

The car is not unusually heavy, even when fully loaded, and it rides on standard freight car wheels and axles.

The transporter will find its greatest utilization carrying cars into "mass market" auto sales areas such as Canada's larger cities.

CHRISTMAS FOR FORCES

UN EMERGENCY FORCE

It was an improvised Christmas for Canadian soldiers serving in Egypt with the United Nations Emergency Force, but it was pretty close to a traditional one with the exception of snow.

The supply officer for the UNEF, Capt. Lloyd Leonard of Glace Bay, Nova Scotia, and Camp Borden, Ontario, searched high and low to find suppliers for the Christmas dinner and managed to obtain all the "fixings".

Most of the nations in the force got the same Christmas menu. However, one of the small problems which cropped up was that the Yugoslav contingent required its Christmas rations on December 22-- the date they celebrate the holy day.

The ration provided one pound of turkey per man, cranberry sauce, mincemeat, fresh vegetables, plum pudding, fruit cocktail, nuts, raisins and fresh fruit.

Paper plates replaced mess tins for the dinner and the officers served the other ranks their main meal. As an added attraction the senior NCO's voted to take over guard duties from the lower ranks for the day. There was a special ration of two quarts of beer, two chocolate bars and plenty of cigarettes. Forty Christmas trees were procured and a quantity of decorations was purchased locally.

Protestant and Roman Catholic services were held at midnight on Christmas Eve conducted by Capt. O.A. Hopkins, of Perth, Ontario, Protestant chaplain; and Capt. L.C. Schmidt, of Duck Lake, Saskatchewan, and Calgary, Roman Catholic chaplain.

Arrangements were made to bring outlying Canadian detachments to the base area for the day.

NATO AIR DIVISION

For members of the RCAF's Air Division on NATO duty in Europe and their families, it wasn't a "white Christmas" but it was a "sharing" one.

Some 1,200 orphans in the United Kingdom, France and Germany were entertained at turkey dinners, parties, and other Christmas festivities. Several hundred old people, indigent families, as well as 1,300 East German refugees were also remembered with gifts, food and clothing.

While each Air Division unit saw to a Merry Christmas for at least one orphanage, 4 Fighter Wing at Baden Soellingen, Germany, undertook an even larger programme. Parties were held at five orphanages where 340 children were entertained by the Wing's airwomen, the

Catholic Ladies Guild, the Wing Maintenance Section, 414 Fighter Squadron and 422 Fighter Squadron.

No. 444 Fighter Squadron, also of Baden Soellingen, raised \$400 for Hungarian refugees and the Protestant Chapel Committee bought a new washing machine for a Protestant children's institution.

Baden Soellingen's station fund gave \$2,000 in the form of redeemable vouchers distributed at a Christmas party for East German refugees at a camp near the Canadian base. More than \$100 went to the German Red Cross, to be spent on refugees living in another small camp nearby and 24 children from the camp were given a party by the 4 Fighter Wing Boy Scout Troop.

The Air Division's Christmas charitable works were in addition to \$24,000 and 10½ tons of clothing and food collected for the Air Division's Hungarian Refugee Relief Fund. Personnel strength of the Air Division stands at approximately 6,000.

CANADIAN "ATTACK"

The 1st Battalion, Le Royal 22e Regiment launched an "attack" on two German orphanages in the town of Werl, West Germany, bombarding some 150 children with clothing, toys, food and candy. The objective was to make Christmas 1956 one of the happiest in the lives of the "parent-less" youngsters, many of whom have never known a Santa Claus.

Plans for this year's orphan drive began several weeks ago when the men of Le Royal 22e Regiment established a special yuletide fund. All ranks shelled out on four successive pay days and when the contributions were tallied it was found that \$626.86 had been donated.

D-Day for the orphans came about when a delegation of officers and men descended on the two institutions delivering goods designed to gladden the children's hearts. Leading the delegation were the unit's commanding officer Lt.-Col. Bernard J. Guimond, CD, 36, of Montreal and Quebec City.

This Christmas marks the second year that men of the 1st Battalion have carried out a festive attack on the same institutions. Last Christmas the battalion contributed about \$460.

The scheme started more than three years ago when the 2nd Battalion of the regiment first moved into their new Fort St. Louis Barracks, near Werl. Since then the regiment has unofficially adopted the two orphanages for Christmas giving. Both institutions, the Elisabeth Kinderheim and the Walburgisheim, are operated by a Roman Catholic order.

OPERATION REFUGEE: A small group of RCAF officers and airmen dressed in "civvy" clothes have completed a mission to Austria in aid of Hungarian refugees.

Two big stake trucks and a massive semi-trailer loaded with clothing and food donated by members of the NATO Air Division in Europe travelled first to Camp Artiller Casern in Austria, where they were unloaded and the supplies distributed to Hungarian refugees being processed there before proceeding to Canada.

Corporal Nicholas Zomar of New Westminster, British Columbia, stationed at 3 Fighter Wing, Zweibrucken, Germany, acted as interpreter for the RCAF party. Of Hungarian descent, with relatives still in the strife-ridden country, Cpl Zomar volunteered his services when planning began for the mercy convoy.

Also in the convoy as distributors, handlers and drivers were Wing Commander T.S. Light of Leask, Saskatchewan, senior Protestant Chaplain of Canada's NATO Air Division, Squadron Leader William Lee of Hamilton, Ontario, Corporal Ron Meyers of Moose Jaw, Saskatchewan, Corporal R.O. Thibault of Hull, Quebec, Corporal H.D. Laidlaw of Victoria, British Columbia, and Leading Aircraftman Raymond Stone of Windsor, Ontario.

After the 12 tons of supplies had been unloaded at Camp Artiller Casern, the trucks moved on to Vienna, where they had a rendezvous with RCAF Bristol transport planes flown from 30 Air Materiel Base at Langar, England.

Cargoes valued at close to \$20,000 included such items as babies' diapers and children's clothing, with thousands of blankets. These were purchased in Canada from proceeds of the Canadian Air Division's Hungarian Refugee Relief Fund, which totalled more than \$24,000.

While the seven-man RCAF team worked in Austria, another committee saw that more than 1,000 Hungarian refugees brought to Metz by the French army received clothing and comforts on an almost daily basis.

Under Wing Commander A.J.E. Leveque of St. Boniface, Manitoba, senior Roman Catholic Padre of the Air Division, this assistance will continue until the refugees have been processed and placed in jobs.

The Air Division Headquarters Protestant Chapel Guild, a small organization with only 40 members, has already contributed \$100 to buy such necessities as soap, razor blades and towels. The members of the Guild also knit and bought Christmas gifts for more than 30 children at the local refugee camp.

TO TRAIN GERMANS: The Federal Republic of Germany has concluded arrangements with the Government of Canada for the training in Canada of 360 aircrew to man a number of F86 Sabre aircraft which have been allotted to the Federal Republic under mutual aid arrangements and a further number of aircraft to be purchased in Canada.

The Federal Republic of Germany has agreed to reimburse the Canadian Government for the cost of maintaining the NATO air training establishment for an additional period of several months to complete the training of the German aircrew. The trainees are expected to commence training in Canada sometime in 1957 and it is anticipated that the training will be completed by approximately April 1959.

* * *

96 RENTAL UNITS: Award of an \$831,683 contract for the construction of 96 semi-detached rental housing units in Windsor, Ontario, has been announced jointly by Federal Public Works Minister Robert Winters and the Hon. W.M. Nickle, Ontario Minister of Planning and Development.

The project, arranged under the terms of Section 36 of the National Housing Act and the Housing Development Act, Ontario, will be the third federal-provincial undertaking in the city. The first was a land assembly project which involved the development of 325 residential lots and four blocks of land. The lots were subsequently utilized for 325 full recovery rental units in a second federal-provincial project. This third development will be constructed on the remaining four blocks of land.

The cost of the new project will be borne on a 75-25 basis by the Federal and Provincial Governments respectively. Units in the project will contain three bedrooms and the average rental is estimated at \$74 per month. The units will be rented to tenants whose family incomes are not less than four times, and not more than five times the average rent. The estimated rental will be sufficient to amortize the cost of the project over a period of 50 years and pay the full operating expenses. Tenants will be allowed to remain in the project until their family incomes reach a maximum of six times the average rental.

Construction will be under the supervision of Central Mortgage and Housing Corporation and when completed the project will be administered by the Windsor Housing Authority.