

INTRODUCTION

Economic Developments in Canada during 1951 and 1952*

The post-war period up to 1950 was one of sustained activity and continuous growth in the Canadian economy, although toward the end of this period the over-all pressure on productive resources had slackened perceptibly as reflected in general price levels that remained fairly stable.

The even tempo of activity was abruptly interrupted by a chain of international events commencing with the invasion of South Korea in June 1950. The decision of the United Nations to resist this invasion and the policy of the NATO countries to improve their state of military preparedness led to large new demands being placed on the Canadian economy. Adjustment to this new stimulus was the principal influence underlying economic developments in the years 1951 and 1952.

The new demands which emerged were both extensive and varied. There was, first, the greatly expanded direct defence program which, at its height in the ensuing three year period, was expected to absorb close to 10 p.c. of the national product. Increased activity in other Western Nations brought substantially larger requirements for many of Canada's major exports. The changed situation gave new urgency to capital expansion and to the development of natural resources and gave rise, at least temporarily, to an upsurge of consumer purchasing and business inventory accumulation. In other words, the turn of international events had a pronounced stimulating effect throughout the Canadian economy and a major result was the acceleration in the rate of growth in the economy, reflected in the levels of capital investment and resource development, immigration and national output.

The sharpest up-turn in output occurred in the period immediately following the outbreak of hostilities in Korea. Within the 12 month period ending in the first quarter of 1951 industrial output increased by 14 p.c. This enhanced level of production was sustained in the ensuing two years. Total physical national output increased by about 5 p.c. in each successive year between 1949 and 1952, compared with an average annual increase of less than one-half this amount for the period 1946-49. It should be noted that in 1951 and again in 1952 the rise in output was, in part, the result of unusually good crops. In 1952, Canada's wheat crop reached 688,000,000 bushels or 121,000,000 bushels more than the previous record in 1928.

Increased availability of manpower helped to make possible the growth in national output in recent years. In the two years, 1951 and 1952, a total of 360,000 persons migrated to Canada. This was more than double the average annual rate of inflow from 1946 to 1950. Augmented by a higher net inflow of persons from abroad the Canadian civilian labour force increased by about 73,000 between 1950 and 1951 and by approximately the same number in 1952. Within the civilian sector of the labour force there has been a continuing transfer out of agriculture that accounts in part for the increase in the civilian non-agricultural labour force from 4,116,000 in 1950 to 4,257,000 in 1951, and to 4,403,000 in 1952. With unemployment remaining at low levels, numbers employed have roughly paralleled the changes in the labour force. Numbers on strength in the Armed Services have also been increasing.

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