

# Cross Currents in Business Bank of Nova Scotia Review

The pace of advance in Canadian business has slowed down, and recent developments scarcely signal any quick or marked reversal of expansion, says the current Monthly Review of The Bank of Nova Scotia.

With the growing impact of ample world productive capacity and intensified competition, together with the moderating influence of monetary restraint, North American demands for industrial materials and for new plant and equipment have not swelled in the way many people anticipated. Business has continued very active in both Canada and the United States, but attention has been concentrated on the more economic handling of inventories rather than on building them up; capital investment programs have been maintained but not expanded; and prices of commodities in general have been under downward pressure, rather than upward.

Along with these real developments, moreover, the talk of inevitable inflation which was so prominent last year has now very greatly diminished.

In assessing the economic outlook, the Review notes that owing partly to unsettled world conditions U.S. government expenditures are scheduled to accelerate in the second half of this year. And the Federal Reserve authorities have taken action to expand the volume of credit. U.S. activity, though it has slipped in many industries, may still on balance tend modestly upwards for the rest of the year, thus contributing to a similar trend in the Canadian economy.

In Canada, moreover, easier conditions in the capital market together with the re-enlargement of direct government mortgage lending should at least halt the decline in housebuilding and should also stimulate spending by provinces and municipalities. In addition, the recent decisions permitting an immediate start on the big project for exporting Alberta gas to California will strengthen business capital spending, while the somewhat lower exchange rate on the Canadian dollar should help to relieve the pressure of foreign competition.

Though complete statistics are not yet available, the Review says that the total volume of production in Canada during the first half of 1960 appears to have been roughly three per cent above that in the corresponding period a year earlier. Most of the advance to this higher level had been achieved, however, before the start of the year, and the modest gain in activity since then has fallen short of the growth in the working force. Unemployment accordingly has increased and, at the minimum estimates of 300,000 persons (or 4.7% of the labour force) in June and July, has been close to the postwar summer high recorded in 1958.

The strongest expansive influence on the Canadian economy this year has been the uptrend in European business which, together with a notable reduction in trade restrictions there and in several Commonwealth countries, has greatly enlarged the overseas flow of many Canadian exports.

Meanwhile, however, exports to the United States have been reduced since April both by the levelling-off in the U.S. economy and by the sharp curtailment of shipments of uranium. In addition, the indications are that total capital expenditures during the first half of 1960 dropped to a rate below that in the latter part of 1959. And with income tending to level off, consumer spending has been distinctly sluggish.

The Review goes on to discuss economic conditions in the main regions of the country. Of Ontario it notes that the trend in industrial activity has been slackened since late last year. By early summer industrial employment was running more than 2% below a year ago and, even with continued expansion in services, total non-agricultural employment was no more than holding its own.

Though there has been a notable revival in business capital outlays,

housebuilding has declined sharply and total construction employment as a result has been below a year earlier. The most vigorous areas of capital expansion have been primary iron and steel, office buildings and electric power, including a start of construction on Canada's first full-scale nuclear power station near Kincardine on Lake Huron.

In the automobile industry, whose problems are now being reviewed by a Royal Commission,

production was well maintained in the early months of 1960, in part making up for the lag late last year caused by the U.S. steel strike. For the period from October to July, however, output of cars was 6% lower than in the previous model season. The growth in import competition and the switch to "compact" models have adversely affected manufacturers of tires and auto parts.

In mining, the dominant factor

## New School Year

by Claire Brisson

Last week, September 8th, one hundred and sixty one students registered at Saint Mary's Academy. It was back to school for many of the students but a large number are Boarders for the first time. The nine classrooms are filled to capacity. The Day Students number at least one hundred and fifty.

At nine o'clock the next morn-

ing, the students grouped at the auditorium to meet the new Chaplain, Reverend Father Magnan, the new Superior, Sr. Germaine-Marie, and Sister Principal. School-work began at 11 Friday morning. Sunday the students spent a fine evening at the auditorium enjoying "The Lady in White".

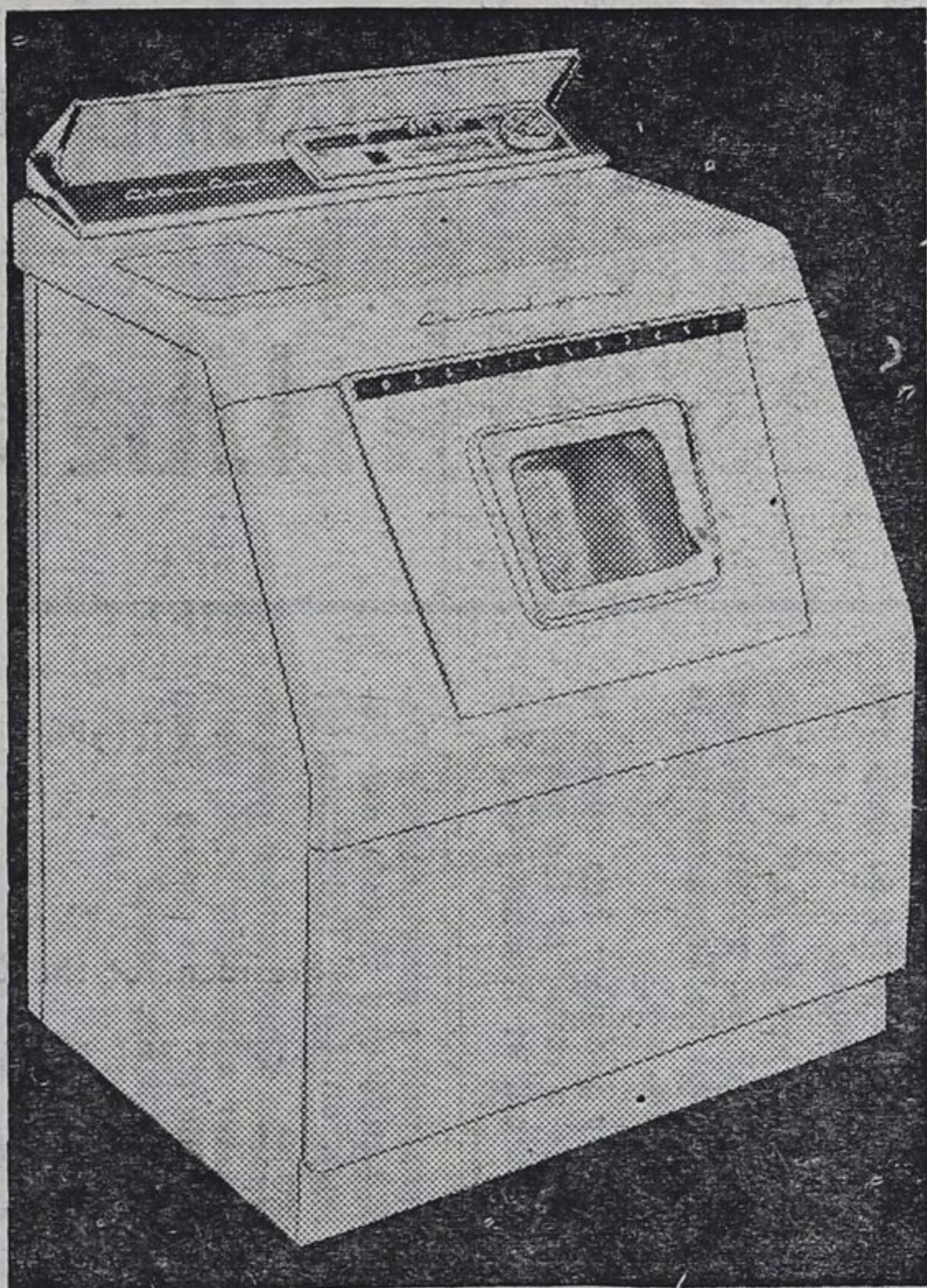
The new Boarders were formally initiated on Sunday the 18th. The initiation program is part of a custom at the Academy. The same tricks and the same games are used every year to break in all new students.

In short, this year will prove to be most interesting because new activities have been organized and all the girls are eager to co-operate.

this year has been the stretchout in uranium deliveries which by May had reduced production by more than 30% from a year ago.

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