



REVIEW OF CONDITIONS
in Canada
and other countries

THE ^{FEB 1951} ROYAL BANK OF CANADA

R E V I E W O F
C O N D I T I O N S



I N C A N A D A
A N D O T H E R
C O U N T R I E S

***T**his booklet contains a review of conditions
in Canada and in the countries abroad
where The Royal Bank of Canada operates branches
and offices. It forms part of the Report of the
Proceedings of the bank's 82nd Annual Meeting
and is presented in this form for
your greater convenience.*

THE ROYAL BANK OF CANADA



Newfoundland

THE PROVINCE of Newfoundland being now an integral part of the Canadian federation, its economy still retains its individual characteristics, yet contributes much to that of the nation as a whole. Further industrial development of the province is being encouraged by the establishment of government-sponsored industries, which should lead to increased utilization of existing resources.

Considerable change has been shown in the overall trade picture since the entry of Newfoundland into Confederation. Greater quantities of goods manufactured in other Canadian provinces are being imported with a corresponding decrease in those of American origin. Markets for certain types of British merchandise continue to be maintained.

The codfishing industry continues to hold its place as the province's most important industry, in that the majority of the population depend upon it directly or indirectly as a means of livelihood. As a result of the under-estimation of the 1949 catch by approximately 150,000 quintals, stocks held by the fishermen amounting to about 12,000 quintals were purchased by the Prices Support Board at two-thirds the price paid in 1948. This prevented the 1950 catch from being placed on a flooded market, but a generally softening effect has been felt, and no floor price to be paid to the fishermen has been set. The 1950 catch is estimated at 850,000 quintals, as against 1,050,000 quintals in the previous year. Difficulty has been encountered in disposing of the Labrador catch at satisfactory prices, and the Federal Government has agreed to subsidize this branch of the industry by guaranteeing the Labrador fisherman a payment of \$7.00 per quintal. Markets for fresh frozen cod continue to be strong, particularly in the United States, and packers received good prices for their product, of which some 29,528,042 pounds were processed in the period January-October 1950. Cod liver oil for medicinal purposes was produced in smaller quantities in 1950 than in the preceding year, while substantial amounts of the industrial variety were disposed of at relatively high prices. Toward

the latter part of the 1950 season, reports on the herring fishery were encouraging, and it was expected that practically the whole catch would be reduced to oil and meal. During the war years, returns from the sale of cured herring were quite large, but decreased considerably in the past three years.

Lobster fishermen experienced no difficulty in finding markets for their catch, particularly in the live state. During the year under review, approximately 4,406,000 pounds of live lobsters were exported, compared with 4,151,605 pounds in 1949. Fishermen received prices ranging from 18-20¢ per pound, as against 15-18¢ in the previous year. The salmon fishing season was late in starting, due to ice around the coast, and the 1950 catch is estimated to be about 15% smaller than that for 1949. Canning factories handled less of the catch than in the past as a result of the continuing demand for the fresh and frozen variety. Sealing and whaling operations were again undertaken, and prospects for these industries were considered to be favourable, as there appeared to be a good demand for their products.

The year's output of lumber from about 1,000 licensed sawmills was estimated at approximately 45,000,000 board feet, the entire amount being sold on the domestic market at high prices. The export of pitprops to the United Kingdom constitutes an important phase of the lumber industry, and in the eleven months ended November 30, 1950, approximately 23,000 cords valued at \$625,000 were shipped. The pulp and paper mills operating at Grand Falls and Corner Brook experienced a successful year of business.

Shipments of ore from the Wabana mines at Bell Island were expected to reach an approximate total of 1,107,000 tons during the year ended December 31, 1950, as against 1,480,538 tons in the preceding year. Production of lead-zinc concentrates at the Buchans mine was somewhat below that for 1949, some 93,451 tons of ore being mined during the first ten months of the year. Development of the Quebec-Labrador iron mines is under way, and contracts for the railway from the mine sites to Seven Islands, Quebec have been awarded. Further investigation of the resources of this area is being carried on.

Agricultural products were adversely affected by the lack of rainfall during the 1950 growing season. The hay crop suffered the

most damage, while most root crops were below average. Potatoes, however, were dug in good quantity and sold readily on the local market. Milk production declined as a result of the drought but an improvement was shown in the poultry industry. Distribution by the Government of agricultural market data and educational material has proved to be a valuable service to the Newfoundland farmers.

Difficulty is still being experienced in obtaining housing accommodation in the larger centres, and high rentals continue to be paid. Building costs have shown an upward trend as a result of the increase in the price of building materials and in the level of wages. The initial programme of building undertaken by the St. John's Housing Corporation has been completed, several housing projects have been financed by the Central Mortgage and Housing Corporation, and, in addition, a government slum clearance programme is being carried out.

The general employment situation is considered to be the most encouraging for several years, being attributable in large measure to increased operations in the woods, full-scale production in the mining industry and extensive road repairs. The latter, however, is only a temporary source of employment, instituted by the Provincial Government as a substitute for its relief works programme, which has been discontinued. The standard of living in the province has improved as a result of this high level of employment, the payment of social security benefits to large numbers of the population, and the increase in government expenditures.



Maritime Provinces

THE GENERAL condition of business in the Maritime Provinces was considered to be satisfactory during the year. Some anxiety regarding the outlook for the Nova Scotia apple-growing industry was felt, but other agricultural production was well maintained.

Good results were obtained in the provinces' fishing and mining industries, while prospects of better markets gave new impetus to lumbering in both New Brunswick and Nova Scotia. Manufacturing plants continued to have a steady demand for their products. The employment situation in general in the three provinces was regarded as good, although seasonal increases in the number of unemployed in certain centres were recorded.

Farmers in the Maritime Provinces enjoyed favourable growing conditions and crops were harvested in good quantity. The hay crop in Prince Edward Island was somewhat smaller than in 1949, but coarse grain crops were more plentiful, thereby reducing the amount of fodder to be imported for the feeding of livestock.

Potato plantings in Prince Edward Island yielded a smaller crop than in the preceding year, some 11,500,000 bushels in 1950 as against 13,585,000 bushels in 1949. In New Brunswick also, the crop of approximately 17,131,000 bushels was below that of the previous year, but the Nova Scotia crop was estimated at 5,208,000 bushels, representing an increase of 368,000 bushels over the amount dug in 1949. Market conditions tended to be depressed as a result of the surplus of potatoes in both Canada and the United States, but it was hoped that an improvement in prices would be shown within the next few months.

The Annapolis valley orchards were estimated to have yielded an apple crop of between 750,000 and 800,000 barrels in the 1950 season, a quantity which was below that picked in the previous year. As regards the marketing of the fruit, the Nova Scotia Apple Marketing Board guaranteed to dispose of 450,000 barrels of graded apples, consisting of the entire crop of six varieties favoured on the domestic market and quota amounts of eight other varieties. The remainder of the crop would then be available for processing into juices, concentrates, and other such products.

Despite the good prices being paid for beef cattle, and the high costs of feed and labour, dairy cattle were kept in sufficient numbers in the three provinces to maintain an overall level of milk production which about equalled that for the previous year. Creamery butter production, too, showed little change, as indicated in the following table, which covers the first ten months of 1949 and 1950:

CREAMERY BUTTER PRODUCTION

January-October

	1949	1950	% Change
	(Pounds)		
Prince Edward Island	4,223,000	4,169,000	—1
Nova Scotia	5,427,000	5,167,000	—5
New Brunswick	6,918,000	6,667,000	—4

The make of cheddar cheese in New Brunswick during the first ten months of the year amounted to 726,000 pounds and represented a 6% drop in production from that for the corresponding period of 1949. In Prince Edward Island, too, smaller quantities of cheese were produced between January and October 1950 than in the same ten months of the preceding year, the total being 445,000 pounds as against 486,000 pounds. Returns from the sale of poultry and eggs were reported to be fairly satisfactory, although egg prices in some areas were lower than in the previous year, and feeding costs continued to be high.

A satisfactory year of operations was again experienced by Nova Scotia fishermen. While the catch of some 290,690,000 pounds for the first nine months of the year was only slightly above that for the corresponding period of 1949, there was an appreciable increase in its landed value, which reached a total of \$15,896,000 as against \$13,717,000. While the market for fresh fish was steady throughout the year, increased competition from Newfoundland and European countries caused some uncertainty in the outlook for the sale of salt fish to the West Indies and South America. In Prince Edward Island, lobster fishing, the most important and profitable branch of the industry in that province, was reported to have brought returns of \$1,916,467, representing an increase of approximately 36% over the 1949 total.

Conditions in the lumbering industry in the Maritime Provinces underwent considerable change during the year. During the first quarter of the year there was little activity in the two principal export markets, namely the United Kingdom and the United States, but the second quarter saw an appreciable improvement in the quantities of lumber ordered by both countries and in the prices offered. Some difficulty was encountered in meeting this increased demand as a result of the small stocks available to most exporters; therefore, in

making plans for future operations, most producers were expected to increase their output substantially. Statistics of production of sawmills operating in New Brunswick and Nova Scotia for the first nine months of 1949 and 1950 are shown in the following table:

SAWN LUMBER PRODUCTION

January-September

	1949	1950	% Change
	(Board feet)		
Nova Scotia.....	203,223,000	214,072,000	+5.34
New Brunswick.....	227,634,000	219,788,000	-3.45

Coal mines located in the Maritime Provinces operated steadily throughout the year, with no labour difficulties being experienced, and had a ready market for the entire output. In the ten months ended October 31, 1950, Nova Scotia and New Brunswick collieries produced 5,831,766 tons of coal, compared with 5,511,293 tons mined in the same ten months of 1949.

The supply of consumer and durable goods produced by manufacturing companies located in the Maritime Provinces was generally well maintained, with most companies reporting a successful year of business. With the exception of steel, raw materials were more readily available than in the past few years, and manufacturers were able to meet the demand for their products.

Despite the continuing shortage of some types of materials and the high cost of building, there appeared to be little slackening in the volume of both commercial and residential construction throughout the area. In the first ten months of 1950, the value of construction contracts awarded in the three provinces reached a total of \$58,294,600, an amount only slightly below that for the corresponding period of 1949. Housing shortages were still evident in many centres, with real estate prices remaining steady.

The majority of retail and wholesale merchants reported a successful year of business, with sales being generally well maintained.

Reports indicated that tourists visited all three of the Maritime Provinces in greater numbers in 1950 than in the previous year, and in view of the steps being taken to improve both transportation and accommodation, the outlook for the tourist trade is encouraging.



Quebec

FAVOURABLE WEATHER conditions prevailed throughout most of the growing season in the province of Quebec, with the result that field crops were produced in greater quantities than in the previous year. While the acreage sown to oats in 1950 was only slightly in excess of that for 1949, the crop was estimated at 51,018,000 bushels, as against the previous year's harvest of 37,574,000 bushels. Increases in the production of spring wheat, barley, rye, mixed grains, etc., were also recorded. Hay and clover production reached a total of 4,845,000 tons, some 140,000 tons more than in 1949, and larger quantities of alfalfa and fodder corn were cut by farmers and stored for winter livestock feeding.

Potato plantings suffered little damage during the summer months and the yield per acre was well above that for 1949, with the result that some 26,565,000 bushels were dug, compared with 21,333,000 bushels in the previous year. Approximately 11,800 acres were given over to the growing of sugar beets in 1950, with a yield of 135,000 tons, whereas in 1949, a total of 68,600 tons were produced from about 6,200 acres. Estimates of fruit production in Quebec showed the 1950 apple crop of 1,913,000 bushels to be about equal to that for the preceding year. In the case of small fruits, the strawberry crop was set at 3,750,000 quarts, approximately half the size of the 1949 crop, while the 300,000 quarts of raspberries picked in the 1950 season represented an amount about equal to the previous year's total. The sale of blueberries brought smaller returns than in 1949, due to the reduction in the size of the crop and the poorer quality of the fruit. As in the past, maple products sold by Quebec farmers proved to be a good source of income. The average farm price of syrup was about \$3.44 per gallon, being 17¢ lower than in 1949. Sugar prices, on the other hand, remained unchanged at approximately 37¢ per pound. Statistics of production for the years 1949 and 1950 are shown in the following table:

	1949		1950
Maple syrup	1,894,000	gallons	2,273,000
Maple sugar	1,651,000	pounds	1,692,000

Favourable growing conditions for tobacco prevailed throughout the season and both the yield and quality of the 1950 crop were superior to those of the preceding years.

Pastures were in good condition during the summer months, with the result that the level of dairy production in the province was well maintained. In the period ended November 30, 1950, the amount of creamery butter produced reached a total of 85,250,000 pounds, a quantity which was equal to 95% of that produced in the same eleven months of the preceding year. The make of cheddar cheese was about 17% below that for the first eleven months of 1949, with some 19,160,000 pounds being manufactured between January and November 1950, as against 23,183,000 pounds in the corresponding period of the previous year.

Mineral production in the province of Quebec in the year under review showed a general increase over that for 1949. A total of 824,763 ounces of gold, valued at \$31,753,376, was produced in the first nine months of 1950, whereas in the corresponding period of the previous year, 698,676 ounces were recovered and brought a return of \$24,571,038. Larger quantities of copper and zinc were also produced. Statistics indicated that in the period January-September 1950, some 108,454,368 pounds of copper and 129,232,233 pounds of zinc were mined, whereas in the same nine months of 1949, the output was 96,340,889 pounds and 94,967,234 pounds respectively. The asbestos industry was still feeling the effect of the prolonged strike which took place in 1949, but a level of production comparable to that maintained when operations were unhampered by labour disputes was again attained. In the first nine months of 1950, approximately 608,759 tons of fibre were produced, while in the same period of 1949 and 1948, the output was set at 363,450 tons and 523,082 tons.

A comparison of statistics of the production of sawmills operating in the province of Quebec shows that the quantity of lumber sawn in the first nine months of 1950 was about 10.26% less than in the corresponding period of 1949, some 830,310,000 board feet being cut between January and September 1950, as against 925,236,000

board feet in the same nine months of the preceding year. There appeared to be a continuing demand for hardwood, and prices paid for high-grade lumber were about the same as in the preceding year. Softwood prices, too, remained quite steady throughout the year. Newsprint mills operated steadily and were unable to supply the demand. Prices paid were higher than in 1949, and prospects for the future were considered to be favourable.

Both the volume and value of construction contracts awarded during the first ten months of 1950 were greater than in the corresponding period of 1949, and confirmed reports of continuing activity in the building industry. Shortages of certain types of builders' supplies were evident, and construction costs remained high.

Wholesale and retail merchants had a generally satisfactory year of business. Sales were at about the same level as in the previous year, and there did not appear to be any slackening in the demand for consumer and durable goods.

As in previous years, the tourist trade brought good returns to the province. Travellers' vehicle permits issued during the first ten months of 1950 reached a total of 344,011, compared with 333,449 permits in the period January-October 1949. Accommodation in hotels and rooming houses was available at prices which were about equal to those paid in the preceding year.



Ontario

DESPITE THE ADVERSE effect of cool weather and heavy rains during the middle of the summer, the total production of field crops in Ontario was greater in 1950 than in the preceding year. Grain crops were harvested in 1950 in quantities which were considerably above those for 1949, the total being 212,159,000 bushels as against 169,004,000 bushels. Increased acreage was planted to fodder corn, and while the corn did not fully develop as a result of unfavourable growing conditions, the 1950 crop of 4,837,000 tons

provided farmers with an adequate supply for winter feeding. Hay and clover were also produced in good quantities, some 4,509,000 tons being cut in 1950 as against 3,689,000 tons in 1949.

Potato plantings were somewhat below those for the preceding year, but due to a higher yield per acre, the crop was set at 21,696,000 bushels, compared with 18,720,000 bushels in 1949.

Sugar beet growers harvested a crop of some 363,300 tons in 1950, as against 335,400 tons in the previous year. The sugar content was reported to be below average, but showed an improvement toward the latter part of the season, with a 16% content being reached. It was estimated that about 94,000,000 pounds of sugar, 12,000 tons of molasses and 20,000 tons of dried beet pulp would be obtained from the crop.

Conditions were not of the best during the 1950 season for the growing of tobacco in Ontario. Planting was late as a result of the cool spring, and fairly heavy rainfall at the beginning of the growing season prevented the development of good roots. A high incidence of black rootrot was reported, which was believed to have reduced the crop by at least five million pounds. However, good weather prevailed throughout the harvesting season, and the loss from frosts was not great. The 1950 crop of flue-cured tobacco was estimated at 105,800,000 pounds, compared with 114,161,000 pounds grown in the previous year. The minimum average price for this variety was established at 44¢ per pound, which was 2¢ higher than in 1949. A reduction of about 60% was made in the acreage of burley tobacco, and it was expected that the 1950 crop would amount to about 5,500,000 pounds. Dark tobacco was also grown in smaller quantities than in the preceding year, with some 1,080,000 pounds being estimated as the 1950 yield.

Reductions in livestock holdings during the year under review were attributable largely to the high prices offered for beef and to the shortage of feed during the preceding winter. However, with good supplies of hay, grain and other fodder, farmers were reported to be adding to their herds. Shipments of cattle to American markets continued in spite of the depreciation in the value of United States currency.

Sufficient rainfall kept pastures in good condition, and dairy production in Ontario was satisfactorily maintained. In the first

eleven months of the year, 65,844,000 pounds of creamery butter were produced, compared with 70,645,000 pounds in the corresponding period of 1949. A decline of 18% in the make of cheddar cheese was also recorded. A total of 66,811,000 pounds was manufactured between January and November 1950, whereas in the same length of time during the preceding year, some 81,400,000 pounds were produced.

Unfavourable weather conditions brought about a reduction in the size of the crops of all principal fruits grown in the province, with the exception of the grape crop, which was the largest on record during the past ten years. However, the quality of the grapes was poor as a result of too much cool weather and moisture. Some of the surplus was disposed of by making shipments of approximately 10,000 tons to the United States, but prices received were low. Statistics of the estimated production of the principal fruits for the years 1949 and 1950 are shown in the following table:

	1949	1950
	(Bushels)	
Apples.....	3,416,000	2,662,000
Pears.....	446,000	362,000
Plums and prunes.....	353,000	274,000
Peaches.....	1,238,000	1,089,000

Deliveries of fruit and vegetables to canning factories were generally smaller than in 1949, and with the quality of the various packs differing considerably.

Statistics of the production of gold mines in operation in Ontario indicated that 7,665,060 tons of ore were milled during the first nine months of the year, and were valued at \$69,630,165, whereas in the same period of 1949, the quantity of ore handled reached a total of 7,323,081 tons, and the return to producers was \$60,660,307. During the ten months ended October 31, 1950, approximately 1,000,000 tons of ore were shipped from the Steep Rock Iron Mines and it was thought probable that by the end of the year the objective of 1,250,000 tons would be reached. Algoma Ore Properties Ltd., operating in the Sault Ste. Marie district, reported an increase in production over that for 1949 and indicated that further development of the area was under way. There was also much activity on the eastern shore of Lake Superior, where large deposits of uranium

have been located. Production of asbestos at the mine near Matheson continued during the year and a mill with double the capacity of the one already in operation is nearing completion.

The lumber industry experienced another satisfactory year of business, with no slackening in the demand for wood products and high prices prevailing. Large shipments of lumber continued to be made to the United States, and as a result it was reported that inventories were quite low in many of the larger centres. However, it was expected that most operators would increase their cuttings in the forthcoming season.

Judging from the number of construction contracts awarded in the province during the year, there continued to be great activity in all phases of the building industry. Housing accommodation was still in demand, particularly in the low- and medium-priced fields, and in many areas dwellings suitable for rental continued to be sought. Large quantities of builders' supplies were necessary for the carrying out of the extensive programme of industrial construction, with cement being difficult to obtain.

The volume of retail trade remained high in most areas of the province, being due in some measure to increased credit buying, instalment purchases and extensive advertising and sales promotion. Most types of merchandise were in good supply, and there was evidence of a growing buyers' market, since greater discrimination in their purchases was being shown by the public. Wholesale traders also reported a satisfactory year of business, with a steady volume of trade. Shortages of certain types of canned foods and of some building products existed, but in general the demand of customers could be met.

Very few labour disputes occurred during the year, and while unskilled labour was readily available, it was still difficult to hire skilled workmen in adequate numbers. The majority of manufacturing industries operated on a full-time basis throughout the year, and kept up a satisfactory level of production. Many of the important industries were undertaking programmes of expansion, particularly those engaged in the manufacture of automobiles, the refining of petroleum and the production of steel. While the outlook was generally regarded as favourable, future developments would, of necessity, depend upon the state of international affairs.



Prairie Provinces

CONDITIONS for the growing of crops in Alberta were generally unfavourable at the beginning of the 1950 season. Sub-soil moisture was insufficient, except in the southern part of the province, and growth was retarded by temperatures which were below normal. Rains were not general until late in June and a large proportion of the crop was late in developing. By the middle of August, it seemed likely that the yield of grain would be better than average, but widespread frosts, late maturity and bad weather during harvesting time all brought about a decline in the size and quality of all grain crops.

In Saskatchewan, too, farmers experienced a disappointing season. While there were sufficient moisture reserves, the cold, wet spring delayed seeding by at least two weeks. The crops made favourable progress during the first part of the summer, and by mid-August gave every indication of having a record yield. However a severe frost struck practically all districts, and did great damage to the grain, affecting both the quantity harvested and the grades. Harvesting was carried on under adverse weather conditions, with additional frosts and frequent rainfall, which brought about a further lowering of grades.

Grain growers in Manitoba also had to contend with difficulties during the 1950 season. A delay of about three weeks in seeding operations was caused by the low temperatures and untimely rains. Acreage seeded to wheat was considerably less than in the previous year, as a result of the late spring and the flooding of large areas of land. As in the other two Prairie Provinces, the crop progressed quite well during June and July, but suffered extensive damage by the August frost. Unfavourable weather hampered harvesting operations, and the 1950 crop was below that of the previous year in both yield and quality.

In the following table, made up from the estimate of field crops in Canada prepared by the Dominion Bureau of Statistics, statistics

of the production of principal grains in the Prairie Provinces for the years 1949 and 1950 are shown:

	<i>Wheat</i>		<i>Oats</i>		<i>Barley</i>	
	1949	1950	1949	1950	1949	1950
	(Thousands of bushels)					
Man....	57,000	50,000	53,000	70,000	40,000	55,000
Sask....	183,000	260,000	85,000	112,000	33,000	46,000
Alta....	97,000	117,000	52,000	72,000	36,000	56,000
	337,000	427,000	190,000	254,000	109,000	157,000

All western wheat is now marketed through the Canadian Wheat Board under a pool arrangement for the current crop year only, the five-year pool having terminated on July 31, 1950. Producers have been guaranteed an initial price of \$1.40 per bushel, basis No. 1 Northern for the 1950-51 crop, as against \$1.75 paid for the 1949-50 crop. Final prices to be paid would depend upon the average prices received by the Board for the various grades of wheat in the 1950-51 pool.

With the five-year United Kingdom wheat contract coming to an end on July 31, 1950, all sales of wheat to that country have since then been made under the terms of the International Wheat Agreement. Prior to October 2, 1950, the maximum price set was \$1.98 per bushel; however with the freeing of the Canadian dollar, the price of wheat sold under the Agreement has fluctuated simultaneously with the varying rate of exchange. The Canadian Wheat Board's selling price to participating countries continues to be at the maximum. The domestic price is identical to that paid by countries under the Agreement, and thus is subject to the same daily movements.

Oats and barley also continued to be sold on a one-year pool basis by the Canadian Wheat Board, with a futures market in operation, while trading in rye was on the open market. Free trading in flaxseed also continued.

In all three provinces, fodder crops were produced in greater quantities in 1950 than in the preceding year, which, together with the large amounts of low-grade wheat available, assured farmers of a good supply of winter feed for their livestock. The potato crop, too, was larger, some 11,535,000 bushels being dug in 1950, as against

7,979,000 bushels in 1949. The yield of sugar beets was set at 445,000 tons in Alberta and 148,000 tons in Manitoba, compared with the 1949 totals of 327,900 tons and 126,800 tons respectively.

Reports indicated that a satisfactory year of operations in the livestock industry had been experienced. The cattle wintered well in most areas of the three provinces. In Alberta and Saskatchewan, pastures were rather late in developing, but improved during the summer, so that herds were able to find sufficient grazing, and were in generally good condition. There continued to be a steady market for beef cattle in the United States, and the volume of exports to that country was well maintained, with good prices being received. On the domestic market the demand remained strong throughout the year, and prices were generally at a higher level than in 1949. Total livestock holdings were about the same in 1950 as in the previous year, although the hog population in all three provinces showed a decline as a result of heavier marketings during the year.

Total dairy production in the Prairie Provinces was slightly below that for the previous year, with prices too being somewhat below the 1950 level. A steady market for poultry products continued, and farmers received good returns from sales.

Further expansion in all phases of the petroleum industry in Canada took place during 1950. Development of proven and semi-proven areas continued, while a number of important new discoveries were made toward the latter part of the year. Work on the inter-provincial pipeline was carried on during the year, and at the time of writing, oil was being supplied as far east as Regina. With the completion of the pipeline to the Great Lakes and the building of new refineries at various points in the Prairie Provinces, it was expected that the daily production of petroleum would be increased considerably. In the nine months ended September 30, 1950, the amount of crude petroleum produced in the Prairie Provinces reached a total of 19,922,921 barrels, compared with 15,378,087 barrels in the corresponding period of the preceding year.

Activity in the building industry continued steadily throughout the year, as indicated by the number of construction contracts awarded during the first ten months of the year. In both volume and value the total for the three provinces was above that for the

period January-October 1949. Building costs were at a high level and materials were in short supply in some centres.

A satisfactory year of operations was reported by most of the manufacturing industries located in the area. Indexes of wholesale and retail trade showed that business was generally well maintained throughout the year, with most types of merchandise being readily available. With the recent placing of restrictions on credit buying, it was thought possible that purchases made on this basis would show some decline.



British Columbia

ALTHOUGH the winter of 1949-50 was the most severe experienced in British Columbia for many years, and did considerable damage to some varieties of apple trees, the crop was expected to be somewhat in excess of the previous year's total of 7,938,579 boxes. As regards the marketing of the fruit, some 1,000,000 boxes of apples were purchased by the United Kingdom, while shipments to the United States were estimated at 2,400,000 boxes, leaving approximately 5,000,000 boxes to be sold on the domestic or offshore markets. Prices were generally higher than those paid in 1949. Other tree fruits, however, were produced in quantities which were considerably below those for the preceding year, there being a very high incidence of winter kill amongst these varieties. In the case of small fruits, such as strawberries, raspberries and loganberries, the pick was about equal to that for 1949. Vegetables were grown under satisfactory conditions, and although heavy rainfalls after the end of September made harvesting difficult, the size of the crop compared favourably with that of the previous year.

The 1950 hay crop was light in most areas of the province, the same being true of other fodder crops. As a result of the prolonged period of dry weather during the summer, cattle had some difficulty

in finding good pasture, and were in only fair condition. Nevertheless, dairy production was well maintained throughout the province, an increase being shown not only in total milk production but also in the output of creamery butter and cheddar cheese during the first nine months of the year.

British Columbia fisheries experienced another successful year of operations. Early in the year it had been thought possible that the pack of sockeye salmon might reach 700,000 cases as 1950 was the cycle year for the Adams River run, from which some 300,000 cases had been obtained in 1946. However, for some reason which could not be explained, the run did not materialize, and the river was closed to fishing for a considerable period. Nevertheless the total pack of salmon was set at 1,426,388 cases of 48 pounds for the period ended October 31, 1950, as against 1,421,293 cases for the corresponding period of the preceding year. With the exception of chums, which continued to be caught later in the season, practically all the canned salmon was reported to have been sold, with deliveries to be made up to May or June, and at prices about equal to those set in 1949. The herring fishery opened on November 1, 1950, and as in the past, the bulk of the catch would be reduced to oil and meal. Prices for meal were lower than in 1949, but in the case of the oil, they were about double those paid in the previous year. It was expected that about 100,000 cases of this fish would be processed in the canning factories. Halibut landings in 1950 were above those for 1949, and the demand continued strong. The tuna catch was somewhat smaller, the total being set at 1,886,000 pounds in 1950 as against 2,217,000 pounds in the previous year.

Logging camps were late in re-opening as a result of the long and severe winter, nevertheless the log scale compared favourably with that for the preceding year. Sawmills operating in the province produced approximately 2,436,215,000 board feet of lumber in the first nine months of the year, compared with 2,117,270,000 board feet sawn in the period January-September 1949. Competition among mill operators was keen, and in view of the continuing activity in the building industry, prospects for the lumber industry were generally encouraging. Expansion in the pulp and paper industry continued with great rapidity during the year, and production reached a high level, with a steady demand for all products.

In the period ended September 30, 1950, the output of gold mines in British Columbia reached a total of 229,803 fine ounces, an amount which was only slightly above that produced in the same nine months of 1949. Coal production, on the other hand, declined somewhat in the first ten months of the year, 1,422,578 tons being produced between January and October 1950 as against 1,588,214 tons in the corresponding period of the preceding year.

The real estate market was reported to be less active than in the past few years as a result of the continuing high prices. Although the demand was good, buyers were more cautious and were reluctant to make large down payments. Houses for rental continued to be at a premium, and apartment blocks were fully occupied. Despite the high cost of materials, there appeared to be no slackening in the volume of construction being carried on in the various centres throughout the province, since the number of construction contracts awarded during the first ten months of 1950 was about equal to that for the same period of the previous year.

Manufacturing industries operated successfully during the year, and found a good market for their products within the province. Retail sales during the first nine months of 1950 were 7.2% higher in value than in the corresponding period of 1949, while in the case of wholesale trade a 4% increase was shown, giving evidence of the steady consumer demand. A satisfactory level of employment was maintained during the year, with high wages being paid. The tourist trade again proved to be a good source of revenue to the province. In the first ten months of the year, the number of travellers' vehicle permits issued was in excess of that for the same ten months of 1949, and it was estimated that tourist expenditures would bring a return of \$50,000,000 to the province. Preliminary statistics of the tonnage handled at the ports of New Westminster and Vancouver indicated that shipping activity had continued steadily throughout the year. In general, the prospects for the future development of the province were encouraging, considering the revival of the British markets for fruit and lumber, the expansion of the pulp and paper industry, the development of water power and the increase in the manufacture of goods for the growing local market.



Argentina

BUSINESS CONDITIONS in 1950 were approximately the same as in 1949, and were marked by shortages of consumer goods and raw materials for industrial production and a continuation of rising price trends. Drought in the principal agricultural areas adversely affected livestock and grain crops and industry was further hampered by labour unrest and strikes, settled by increased salary awards. A new exchange-rate structure and changes in exchange-control regulations were announced on August 28th. The former nine official exchange rates were reduced to three, each a buying and selling rate: 5 pesos to the \$US for fuel imports and export staples, including grains, oils and oilseeds, fresh meat and wool; 7.5 pesos to the \$US for essential imports other than fuels and secondary exports such as dairy products, canned meats and quebracho; and a new flexible official free-market rate for other authorized imports and for exports of goods not competitive on world markets. Financial transfers, when permitted, are made at the free market rate. Allotments of exchange were provided for application against outstanding arrears of dollar payments until May; on November 13th, an agreement with the Export-Import Bank of Washington was announced, establishing a line of credit not to exceed US\$125,000,000 in favour of a consortium of Argentine commercial banks. This credit is to be used for the liquidation of commercial dollar obligations outstanding in the United States, which were due and unpaid as of May 15, 1950. The credit is guaranteed by the Central Bank, which has agreed to provide any excess over US\$125,000,000 necessary to liquidate all the import obligations eligible.

The budgets for 1951 and 1952, as presented to Congress, provide for revenues and expenditures of 12,944,760,000 pesos in each year, compared with 11,258,466,000 pesos in the 1950 budget. Congress has approved substantial increases in the income, profits, inheritance, stamp and other taxes. The new import tariff became effective on November 15th, but it will not apply to imports under many existing treaties and commercial agreements. The new system requires duty





The Royal Bank Building, St. James Street, Montreal,
photographed from atop historic Mount Royal.

to be paid on the C.I.F. invoice value of goods, rather than on the previous "tariff values", some of which were established twenty years ago.

Preliminary statistics of foreign trade in the first eight months of 1950 indicate a substantial gain in the value of both exports and imports over those of the preceding year. The volume of exports was also considerably greater and the favourable balance of trade was 321,000,000 pesos compared with an unfavourable balance of 719,400,000 pesos in the same months of 1949. Results of trade in the first year of the five-year Anglo-Argentine 1949 Trade Agreement, which ended June 30, 1950, were unsatisfactory, neither exports nor imports reaching target figures. At the end of the year, the British Government offered lower prices for meat, while the Argentine Government indicated that higher prices were necessary to offset sterling devaluation. Meat shipments were suspended on July 21st, although Great Britain took approximately 90% of Argentine meat exports in the first six months of 1950. In August, the Argentine Government announced that remittance of the sterling equivalent of 60,786,000 pesos had been authorized in payment of outstanding overdue accounts for railway equipment.

Drought conditions early in the year reduced the acreage of the 1949-50 wheat crop to 12,500,000 acres and the yield was 210,000,000 bushels, only slightly larger than the small 1948-49 crop of 190,000,000 bushels. Shipments were satisfactorily maintained. Higher prices for the 1950-51 crop were announced early in the year and, with generally favourable weather during the planting season, 16,500,000 acres were sown. Granted normal conditions, the output is estimated at 230,000,000 bushels, approximately 4% above the pre-war average. Domestic requirements are expected to be above normal, in view of the very small corn crop. Substantially higher prices for oats, rye and barley from the 1950-51 crop were announced in September, to encourage harvesting of a larger acreage, since substantial areas are ordinarily used for direct feeding. Unfavourable weather during the planting and growing seasons reduced the acreage and yield of corn; the 1949-50 crop was only 55,000,000 bushels, compared with 180,000,000 bushels in 1948-49 and a pre-war average of 300,000,000 bushels. Despite

favourable weather and soil conditions and a second price increase for 1950-51 corn announced early in October, no appreciable increase in acreage is anticipated, because of labour and machinery shortages. With normal yields, however, a crop of 200,000,000 bushels might be harvested.

Early in the year, the drought seriously reduced pasturage, with loss of livestock and a sharp drop in prices, as stock was thrown on the market. Pasturage conditions improved later and new marketing regulations, providing premiums for medium weight cattle, were followed by price increases. A new entity, "Instituto Ganadero Argentino" has been set up, with the object of establishing closer control over all stages of the meat trade. The frigorificos have continued slaughtering since the suspension of shipments to Great Britain but refrigerated storage space is almost filled and the main marketing season is just getting underway.

Exports of wool in the ten months ended July 31, 1950 were 328,000,000 pounds, compared with 143,000,000 pounds in the same months of the preceding year. Prices are almost double those of 1949 and early reports of the quantity and quality of the 1950-51 clip are good. The total output may be 5% above the previous year. The 1949-50 cotton crop was the largest in history, 130,825 tons, compared with 98,800 tons in 1948-49; quality was poor, however, and a deficit of cotton for the spinning mills is reported.



Brazil

WITH COFFEE PRICES in 1950 at the highest level in history, general business conditions showed an improvement over those of the previous year. Retail and wholesale trade, however, were affected by the rising cost of living and local industries by the difficulty in securing supplies of raw materials from abroad. Industrial activity, however, was at a high level and further expansion

in productive capacity was undertaken. Currency in circulation October 31st was Cr\$29,132,949,365, an increase of 26% over October 31, 1949. Government revenues in the eight months ended August 31st were Cr\$12,811,562,000, and the deficit for the period was Cr\$501,429,000. Presidential elections were held on October 3rd and former President Getulio Vargas, who previously held office from 1930 to 1945, was elected. He will take office on January 31, 1951.

Total foreign trade in the first eight months of 1950 was valued at Cr\$25,644,762,000 compared with Cr\$25,536,624,000 in the same months of 1949; as a result of the high coffee prices and restricted imports, a deficit of Cr\$2,101,744,000 in 1949 was changed into a surplus of Cr\$2,209,882,000 in 1950. The United States is the principal market for Brazilian coffee and supplies of dollar exchange in 1950 have permitted the elimination of delays in payment for goods from dollar countries. Only remittances in the second and third categories, covering interest, profits, dividends and maintenance and travel abroad, are now subject to delay. On the other hand, shortages of sterling, Belgian francs and Swedish crowns have resulted in their treatment as hard currencies since last spring and all remittances are subject to delay. On September 18th, a new Anglo-Brazilian Trade Agreement was signed, covering the year July 1, 1950 to June 30, 1951; it provided for Brazilian exports to Great Britain valued at £51,440,000 and merchandise imports valued at £44,620,000, the remaining £6,820,000 to cover invisible imports from Great Britain.

Prices for coffee, Brazil's principal export, continued to rise during the year and because of these high prices, coffee accounted for 64% of money value of Brazilian exports in the first six months of 1950. The exportable surplus in 1950-51 is estimated at 13,800,000 bags, compared with 14,950,000 bags in 1949-50 and a pre-war average of 21,740,000 bags. Since the National Coffee Department disposed of its accumulated stocks early in 1949, carryover at the beginning of the present crop year was the smallest in two decades. Dry weather prevailed in central Brazil during the early flowering season but was broken by substantial rains in the latter part of September and early October. The exportable surplus for the crop year commencing July 1, 1951 is unofficially estimated at 16,500,000 bags.

Unfavourable weather conditions in Sao Paulo reduced the anticipated 1949-50 output of cotton for all Brazil to 260,000 tons, approximately the same as the small output of 1948-49. Steady demand and rising prices, however, brought good returns to growers. Planting of the 1950-51 crop was delayed by the drought which was broken in September, but a larger acreage is indicated by sales of cottonseed for planting. Grinding of the 1950-51 sugar crop is underway; preliminary estimates indicate a crop of 1,550,000 short tons, slightly larger than that of 1949-50 and almost double the pre-war average.

Although the total 1949-50 rice crop was larger than that of the previous year and more than twice the pre-war average, shipments from Rio Grande do Sul, the principal surplus rice-producing state, were smaller in the first nine months of the year. The conclusion of barter deals with several countries, however, resulted in increased exports in the last quarter. In spite of disease and pest damage, the Brazilian citrus fruit crop improved slightly. The 1949-50 cocoa crop was estimated at 2,695,300 bags, of which 2,612,486 bags were produced in the State of Bahia; no estimate of the total 1950-51 crop is yet available, but unofficial estimates of the Bahia crop place it below 2,000,000 bags. As a result of the small cotton crop and a decline of one-third in peanut production, supplies of edible vegetable oils have been reduced.



Colombia

THE VOLUME of business was generally well maintained during 1950, although the cost of living continued to rise and stocks of merchandise are reported to be heavy. Demand for bank credit has risen but commercial bank advances were frozen by mutual agreement for a period of three months at the levels of September 30th. President Laureano Gomez assumed office on August 7th,

following his uncontested election in November 1949; Congress was not convened for the regular session in July. The report "The Basis of a Development Program for Colombia", prepared by the International Bank for Reconstruction and Development, was published in October and arrangements for securing United Nations technicians to implement the report have been concluded. The report recommended the development of industry based on the country's mineral and power resources, the co-ordination and improvement of transportation facilities and greater efficiency of agriculture, to obviate dependence upon the principal export crop, coffee. Railway construction has been suspended, pending complete study of the recommendations.

Higher prices offset reduced shipments of coffee and total foreign exchange acquired by the Banco de la Republica in the ten months ended October 31, 1950 amounted to US\$295,396,330, compared with US\$242,034,479 in the same months of 1949. Relaxation in import control early in the year resulted in higher sales of foreign exchange, US\$323,267,636 and US\$250,895,380 in the first ten months of 1950 and 1949 respectively. The net deficit in the balance of payments of US\$27,871,305 in ten months of 1950 contrasts with the surplus of US\$10,744,138 in the full year 1949. Import control is now more strict and a complicated system of import quotas for merchandise of various classes has been established. A revised Customs Tariff, with rates adjusted to the decline in the purchasing power of the peso and for the protection of local industries, has been approved.

Government revenues in the nine months ended September 30th were 380,487,635 pesos, compared with 292,281,749 pesos in the same months of the previous year; after liquidating a deficit of 14,429,559 pesos from 1949, a fiscal surplus of 44,879,971 pesos was reported on September 30th. The 1950 budget, as approved by the President, was 422,430,844 pesos; since Congress did not convene in 1950, no budget for 1951 has been announced.

Prices for coffee were high during the year, but the volume of exports was reduced by unseasonable weather and transportation difficulties. Shipments in the crop year ended June 30, 1950 were 4,679,353 bags, compared with 5,564,211 bags in the previous year. Exports in the first four months of the current crop year were con-

siderably larger and totalled 2,140,913 bags. Unofficial estimates place the 1950-51 crop at 5,250,000 bags, of which approximately 10% will be required for home consumption.

Shipments of bananas showed further gains and exports of 20,000 tons of sugar from the 1950 crop were authorized. The 1950-51 centrifugal sugar crop is estimated at 190,000 tons, nearly four times the average pre-war output. Unfavourable weather and heavy rains early in the year reduced production of food crops and necessitated substantial imports of rice, corn and potatoes. Governmental encouragement continues to be given to these crops and, granted normal weather, the 1951 output should meet domestic requirements. Grazing conditions have been favourable and livestock prices high; the outbreak of hoof-and-mouth disease in Venezuela required border control measures and the annual export quota for Venezuela has been increased.

Aided by protective tariff and import controls, industrial production continues to expand. A number of consumer goods are now supplied from local production and exports of 24,000 tons of cement were authorized from the output of 250,236 metric tons in the first six months of 1950. Domestic production of rubber tires is now 160,000 units per annum and imports are confined to tires of special dimensions.

The output of crude petroleum in the first nine months of 1950 was 24,726,476 barrels, compared with 22,920,396 barrels in the same months of 1949. Although production is at record levels, proven oil resources are only equal to ten years' supply at present rates and the International Bank report recommends the encouragement of intensive exploration. Production of gold, silver and platinum showed further gains.



Peru

BUSINESS CONDITIONS during 1950 were better than was expected at the beginning of the year. The cotton crop, which accounts for 30% of exports, was larger than anticipated and moved rapidly at higher prices. Good demand and prices for sugar and petroleum, the other principal exports, and drastic restrictions on imports from the dollar area resulted in a favourable balance of trade. Imports from the sterling area were heavy and merchants' inventories are large. The continued rise in the cost of living has restricted retail trade. Following the recommendations of the Klein Mission, which surveyed the economic and financial position of Peru, further economic controls were removed on October 11th. The subsidies on wheat and rice were abolished, official ceiling prices on flour, bread, vermicelli and rice were raised and a compensatory bonus of 25% on the first 400 soles of monthly wages and salaries was decreed.

Total foreign trade in the eight months ended August 31st was valued at 3,137,574,000 soles, compared with 3,166,791,000 soles in the same months of 1949. The trade position, as a result of increased exports and restricted imports, showed a substantial change; the excess of exports in 1950 was 28,474,000 soles, compared with an excess of imports of 613,607,000 soles in the previous year. By a supreme resolution of November 24th, the free importation from the dollar area of 522 tariff items previously excluded, was authorized; all of these had been imported freely from the sterling area since sterling was declared a surplus currency in August, 1949. During the year, extra-duty import taxes were consolidated into one "unified tax", at rates ranging from 8½% to 22½% and a special 2% tax was established, the proceeds to be devoted to the purchase of naval units. The ordinary budget for 1951, as submitted to Congress, is balanced at 1,548,000,000 soles, an increase of 188,000,000 soles or 14% over the 1950 budget. Earmarked receipts under Special Accounts for 1951 are estimated at 274,000,000 soles, a decline of 4% from 1950.

Cotton prices increased steadily during the year, in the face of good demand, and exports in the first nine months of 1950 were 1,047,345 quintals, of which Great Britain took 47%, Continental Europe 28% and other Latin American countries 14%, compared with 867,-198 quintals in the same months of 1949. Adverse weather conditions in the Piura Valley resulted in the loss of some two-thirds of the crop, but conditions were favourable in other areas and present estimates of the 1950 output are 1,450,000 quintals, compared with preliminary estimates of 1,350,000 quintals and an actual 1949 output of 1,460,749 quintals. Cold weather has retarded germination of the 1951 crop, but plantings are expected to be large.

Exports of sugar in the nine months ended September 30th were 199,000 metric tons, approximately the same as in the previous year, but below the unusually high exports of 1948. Chile, Uruguay and Bolivia were the principal markets, taking approximately 75% of all shipments. Conditions have not been favourable for the 1951 season and a reduced yield of 450,000 tons is anticipated. Another small crop of rice was harvested, as a result of unfavourable weather conditions and shortage of water; the output was below the pre-war average but an increased acreage for 1951 is in prospect.

Production of crude petroleum was maintained at 9,805,326 barrels in the first eight months of 1950, compared with 9,844,160 barrels in the same months of 1949. The petroleum law is still under study by Congress and little expansion can be anticipated until the legal position is clarified. Statistics for the early months of 1950 indicate larger production of the principal metals than in 1949; the increase was noteworthy for zinc, lead, antimony and vanadium.



Uruguay

THE GENERAL ECONOMIC condition of the country was satisfactory during 1950, although the cost of living continued to rise and wage levels, both government and private, have been increased. Building was active during the year, and there is practically no unemployment. General elections were held on November 26th and Sr. Andres Martinez Trueba, principal candidate of the "Colorado" party, was elected president. As a result of high prices and demand for wool, foreign trade was well maintained; exports and imports in the eight months ended August 31st were valued at US\$142,164,000 and US\$119,415,000 respectively. The excess of exports, US\$22,749,000, was slightly larger than that in 1949. During these months, imports were under strict control, but the greater availability of foreign exchange has permitted establishment of quotas for third category or non-essential goods in recent months.

Unfavourable weather conditions reduced acreage and yield of the 1949-50 wheat crop and output was 16,607,000 bushels, compared with 18,810,000 bushels in 1948-49. Heavy rains interfered with sowings for the 1950-51 crop and, although the Government has twice increased prices, preliminary estimates of the area sown show a reduction of 19%. The yield is unofficially estimated at 13,000,000 bushels. The 1949-50 oat crop was also small but high prices have stimulated production and the 1950-51 acreage is substantially larger. The heavy rains reduced corn yields to the very low figure of 8 bushels to the acre and total output was only 2,725,000 bushels, considerably below the small crop of 3,653,000 bushels in 1948-49. Imports for local consumption were necessary during the year and the Government is encouraging increased cultivation; no estimates of area or yield for 1950-51 are yet available.

Linseed production declined to 74,463 metric tons, compared with 116,756 tons in 1948-49. Stocks of seed and oil were large at the end of the season, however, and crushing mills have restricted output, following reduced exports in the first half of 1950. An increased acreage was planted for the 1950-51 crop and, with normal

yields, a crop of 95,000 tons may be harvested. Production of peanuts was 5,900 tons compared with the record of 11,000 tons in 1949, but supplies of peanut and sunflower seed oil are sufficient for local consumption.

Pasturage conditions have been favourable for livestock and the number of cattle in the country is 8,000,000 head, a normal figure; the number of sheep increased again to 28,000,000 head, more than the country can profitably support. Exports of meat in the year ended June 30th were substantially above the amount stipulated in the Ninth Anglo-Uruguayan Meat Contract. No shipments have been made since then, pending completion of the new contract, and refrigerated storage space is fully occupied. It is not anticipated that the Tenth Contract will be implemented until negotiations between Great Britain and Argentina have been concluded.

The wool market was very active during 1950, with prices reaching record levels and exports in the first eight months of the year doubled in value, compared with the same months of 1949. Shipments in the crop year ended September 30, 1950 were 176,790 bales, a considerable gain over exports of 118,237 bales in the previous year and the largest since 1945-46. As large or larger clip is expected in the present season, and one-half had already been sold by the end of October. The market for hides and sheepskins was active during the greater part of the year.



Venezuela

FOLLOWING A PERIOD of uncertainty about the petroleum market and curtailed production, increased demand resulted in greatly expanded output in the later months of 1950. Daily average production set a new record of 1,619,980 barrels in the week ended October 30th and total output for 1950 is estimated at 536,685,000 barrels, compared with 482,263,000 barrels in 1949 and the previous record

of 489,971,000 barrels in 1948. Production, transportation and refining facilities have been greatly improved in recent years, three new refineries came into operation during 1950 and output in 1951 will be affected primarily by international developments and the higher United States import duties, effective January 1, 1951. Developments continue in the iron ore deposits of Eastern Venezuela. One company is already stockpiling ore, preparatory to export shipments early in 1951. The Cerro Bolivar concession is not expected to reach the production stage until 1955.

Imports into Venezuela in the first eight months of 1950 were valued at 1,130,294,000 bolivares, compared with 2,241,011,000 bolivares in the same months of the previous year. Commercial imports declined, but the statistics reflect mainly the reduced capital expenditures of the oil companies. Venezuela continues to be the largest Latin American market for Canadian exports; the commercial modus vivendi with Canada, officially inoperative since April 1949, when it was allowed to lapse, was renewed for one year on October 11th.

Government revenues in the fiscal year ended June 30, 1950 were 1,899,050,000 bolivares and expenditures totalled 1,929,780,000 bolivares, including 124,000,000 bolivares authorized by the 1948-49 budget. The 1950-51 budget estimates revenues and expenditures at 1,632,000,000 bolivares each. Negotiations with Great Britain were concluded on October 18th, whereby the Venezuelan Government agreed to purchase the British-owned railways for 15,898,050 bolivares. Plans are under consideration for the integration and expansion of the railway system and also for further development of the highway system.

In spite of continued encouragement for agriculture and livestock-raising, the dependence of the country on imported foodstuffs is still causing concern. An emergency two-year programme, estimated to cost 38,000,000 bolivares, has been undertaken, calling for the intensive cultivation of 114,000 acres to supply rice, potatoes, corn, sugar and other staples. Production of rice has increased and imports were prohibited on October 23rd. An outbreak of hoof-and-mouth disease in the cattle-raising areas adversely affected meat production and required energetic steps for its control. An agreement was concluded with Colombia for joint action in this control and Colombia

will assist in the restocking of the Venezuelan ranges. Adverse weather conditions reduced the 1949-50 output of coffee, the principal agricultural export, to 570,000 bags, compared with 800,000 bags in 1948-49. The 1950-51 crop is not expected to exceed 600,000 bags.



Cuba

A LARGE SUGAR CROP, all of which was sold at good prices, and favourable returns for other crops resulted in a higher level of business activity, particularly in the later months of the year. The quantity of imports in the first ten months of 1950 was estimated to be almost equal to that in the entire year 1949. Retail sales were larger, construction contracts at higher levels, industrial activity good and the number of tourists set a new record. Government revenues in the fiscal year ended June 30, 1950, were 267,015-614 pesos, slightly larger than the ordinary budget expenditures and supplementary appropriations. The budget for 1950-51, estimated at 242,637,246 pesos, has not yet been approved by Congress, and expenditures in the second half of 1950 were authorized by decree.

The new central bank, Banco Nacional de Cuba, commenced operations on April 27th.

The sugar grinding season lasted from January 1st to June 14th; production was considerably above preliminary estimates, as a result of larger plantings and a high sucrose content. The output amounted to 5,393,541 long tons, compared with 5,073,968 tons in 1949 and the record of 5,876,761 tons in 1948. Early in the year a large carry-over was looked for, but increased demand from the United States and other countries followed the Korean crisis and all available supplies were disposed of, at good prices. In fact, arrangements had to be made to borrow 25,000 tons from sugar sold to the U.S. Commodity Credit Corporation, to provide for local consumption; this will be replaced from the 1951 crop. The price for the year for all

quotas is expected to average 4.85¢ f.o.b. per pound, compared with 4.55¢ f.o.b. in 1949. Conditions have been favourable for the 1951 crop and, due to new plantings, some sources anticipate a larger output; fairly large stocks are held in consuming countries and some increase in world production is anticipated.

Larger output of tobacco was reported in all producing areas and the total 1950 crop was unofficially estimated at 570,522 bales, compared with 388,680 bales in 1949. Prices were approximately the same, and the greater part of the crop was sold fairly early in the season. Production of sun-grown tobacco in 1951 will be limited to 600,000 quintals and that of shade-grown to the average production of the crop years 1945-46 to 1948-49. Plentiful rainfall provided good pasturage and there was no scarcity of cattle for the Havana market and the jerked beef factories. Deliveries of milk to the condensed milk factories were substantially above those in 1949 but the estimated output of 900,000 cases is not sufficient for local consumption and imports in 1951 are anticipated. The 1949-50 coffee crop established a new record of 864,206 cwt., 260,315 cwt. larger than the 1948-49 crop. Price controls were lifted on July 26th but the rapid increase in prices was followed by the re-establishment of ceilings on October 20th. Weather conditions were not favourable for the 1950-51 crop and production is estimated at 665,000 cwt., which, with stocks from the previous crop, should be adequate for domestic consumption. Unsold stocks of canned pineapples and tomatoes had a depressing effect on markets and weather conditions have adversely affected prospects for the 1951 crops.



British West Indies British Guiana and British Honduras

PRODUCTION OF STAPLE crops in 1950 was generally satisfactory and prices in world markets were maintained at high levels. The cost of living, however, continues to increase, intensified by the devalua-

tion of sterling in 1949 and the recent unpegging of the Canadian dollar. Most of the colonies continue to subsidize essential food-stuffs. A new value for the British Honduras dollar of four dollars to the pound sterling was established at the beginning of the year and the British government extended temporary subsidies on essential food imports. Two severe hurricanes struck the island of Antigua and caused widespread damage to crops and heavy destruction of buildings; the insured loss to all property was approximately \$1,000,000. Heavy rains and storms in Jamaica resulted in widespread damage to roads, the repair of which is being utilized as unemployment relief work.

On October 30, 1950, the British Government announced a Trade Liberalization Plan, to become effective January 1, 1951, designed to reopen the British West Indian market on a limited scale to certain Canadian and United States goods traditionally purchased in North America. Dollar exchange will be made available to permit minimum imports into each colony of 50 or $33\frac{1}{3}\%$, depending upon the commodity, of average imports during the base period 1946-48. The operation of the plan will be reviewed after an initial period of six months.

Reports from all the colonies indicate that the operations of the Colonial Development Corporation in agricultural development were progressing rapidly in 1950. Industrial production, on the basis of natural resources and imported raw material, is being encouraged. Ten new industries were established during the year in Trinidad under the Aid to Pioneer Industries Ordinance, which provided for relief from customs duty and income tax for new industries.

Except in Trinidad, where heavy rains during harvest reduced the sucrose content of the cane, sugar production showed a further gain in 1950, and in Barbados and St. Kitts new high records were established. The total output was approximately 850,000 tons, compared with 780,000 tons in 1949. The condition of cane for the 1951 crop is promising. The exportable surplus of the crops will be purchased by the British Ministry of Food until 1952, and during the five years 1953 to 1957 they have agreed to purchase up to 670,000 tons per annum from the British West Indies and British Guiana, at prices to be arranged each year. Individual quotas will be allotted to

the various producing areas and the British Government will review the total quota in 1953, in the light of existing circumstances.

Exports of cocoa from Trinidad, Grenada and Dominica were larger in volume and, as a result of rising prices, substantially higher in value than in 1949. Exports of raw cocoa from Jamaica declined in volume but receipts were higher and substantial quantities were manufactured and shipped as cocoa powder and cocoa butter. Jamaica coffee continues to be purchased by the Ministry of Food, at higher prices; the 1950-51 crop is estimated at 1,500 tons, the same as in 1949-50.

Heavy rains and floods in October adversely affected Jamaica banana plantations and exports for 1950 are estimated at 5,900,000 stems, including 450,000 stems of the Lacatan variety, compared with 6,300,000 stems in 1949. The 1949-50 Jamaica citrus fruit crop amounted to 1,100,000 boxes, of which 795,000 boxes were exported, and the 1950-51 crop is expected to reach 1,200,000 boxes. The 1950 crop in Trinidad established a new record: 555,649 crates of grapefruit and oranges were handled by the Co-operative Association and 515,400 cases of juice were manufactured. Drought in 1949 and early 1950 reduced production in British Honduras, but new plantings have been extended. Small trial shipments of grapefruit and oranges from Dominica have been successful but lime products continued to be the most important export, with shipments well maintained.

Weather conditions were not favourable for the Sea Island cotton crop, and production in Antigua, Montserrat, Nevis and St. Kitts was below that in 1949. An increase in Barbados resulted from the substantially larger acreage planted. Germination for the 1951 crop has been satisfactory, demand and prices are higher, and, granted favourable weather, the production outlook is good.

Remunerative prices for Grenada nutmegs and mace have encouraged exports and all available stocks had been shipped by the end of September. Output of vanilla in Dominica has declined to negligible amounts in recent years. Prices for Jamaica ginger and pimento were better than in previous years and 1949-50 production and accumulated stocks sold readily; the new crops are expected to be slightly larger.

Deliveries of copra in Jamaica during 1950 were approximately 7,000 tons, an increase of 1,200 tons over 1949 but still considerably short of the island's normal requirements of 11,500 tons. Exports of coconuts and their products are still prohibited. Unfavourable weather conditions reduced the Trinidad output, but contracts with the neighbouring islands were fulfilled and 700 tons of copra were exported to Great Britain. The outlook for the 1951 crop is good.

The rice industry of British Guiana continued to show development, deliveries under contract to the British islands of the Eastern Caribbean have been maintained, and 1,000 tons were shipped to Jamaica during the year. A report on the mechanization of the industry was recently issued and indicated that further extensive development would require radical re-organization and heavy expenditure. Exports of fresh tomatoes from Jamaica, largely to Canada, were 9,544,299 pounds in 1950, compared with 8,317,593 pounds in 1949, but exports of tomato juice declined sharply. Production of vegetables and other food crops for local consumption continues to be encouraged in all the colonies; the most noteworthy increases have taken place in British Honduras, despite the dry weather early in the year.

Petroleum production in Trinidad in the first six months of 1950 was 10,230,133 barrels, practically the same as in 1949. No new production areas were established during the year. Investigations into the possibilities of oil production continue in British Honduras and the Bahamas and are to commence shortly in Barbados. Exports of bauxite from British Guiana showed a further decline, as did gold production, but the output of diamonds increased.

Exports of mahogany logs and lumber from British Honduras were substantially above those of 1949 and the heavy rains permitted floating of both the 1949 and 1950 cuts to seaboard in time for the shipping season. Strong demand for pine lumber in the Eastern Caribbean has depleted supplies for local requirements; no further licenses for export from British Honduras will be granted until stocks are fully replenished. Improved demand and prices have stimulated production of chicle in British Honduras and balata in British Guiana.



Dominican Republic

INTERNAL TRADE was generally quiet during the early months of the year, but increased buying followed the Korean crisis and inventories are large. Prices increased rapidly and the government established maximum prices for certain foods and drugs. Good demand and prices for the principal export crops continue. Total foreign trade in the nine months ended September 30th was valued at RD \$96,407,000, compared with RD \$92,153,000 in the same months of 1949. Exports increased 14% and imports declined 13%; the excess of exports was RD \$39,828,000, larger than that of any previous full year except the war year 1944. The financial position of the government is sound and revenues and expenditures in 1950 were expected to reach the budget estimates of RD \$72,600,000 each. The income tax established in 1949 has been abolished, effective January 1, 1951. Public and private construction continued active during the year. A survey of the hydro-electric power potential of the country has been completed. Preliminary statistics of the national census held in September show a total population of 2,121,083 — 505,268 in urban and 1,615,815 in rural areas.

The output of sugar in 1949-50 was 475,331 metric tons, one of the largest on record, and prices were high. The bulk of the crop was sold to the British Ministry of Food, under a contract fixing the price of the first 150,000 tons at US \$4.00 per cwt., the balance to be priced on the basis of the world market. The average price received for the 375,000 tons was US \$4.23 per cwt. Weather conditions have been favourable for the 1950-51 crop and a production 10-20% larger than in 1949-50 is anticipated. The British Ministry of Food has contracted for the exportable surplus up to 450,000 long tons; the first 100,000 tons will be priced at US \$4.40 per cwt., the remainder on the basis of the New York spot quotation.

The 1949-50 cocoa crop was very large, 73,000,000 pounds compared with a pre-war average of 54,000,000 pounds, and exports in the nine months ended September 30th were substantially above those of the full year 1949. Shipments of manufactured chocolate

were more than double those of the previous year. The 1950-51 crop is also expected to be large and demand is strong at good prices. Coffee exports were slightly smaller in volume but substantially greater in value than those of 1949. Heavy rains in October hindered drying of the 1950-51 crop, which is reported to be small but of good quality. Although the large tobacco crop was of poor quality, European markets absorbed the greater part at prices above minimum levels.

Yields of corn and rice, the basic food crops, were high and adequate for local consumption. Acreage and output for 1951 are also expected to be large. The peanut oil factory produced over 3,000 tons of oil from the record 1949 peanut crop of 23,500 tons, compared with 2,657 tons of oil in the previous year. The 1950 peanut crop is unofficially estimated at 20,000 tons.



Haiti

LARGE COFFEE and sugar crops, which sold readily at good prices, and a substantial volume of imports, largely of dry-goods, following the outbreak of the Korean war, maintained foreign and domestic trade at satisfactory levels. Since government revenues are largely derived from import and export duties, they also continued at the highest levels in history. The budget for the fiscal year which commenced October 1, 1950 provided for expenditures of 105,240,430 gourdes, compared with 73,216,315 gourdes in 1949-50. The new budget included appropriations for economic development, providing funds for public works already contracted for and a special appropriation of 9,000,000 gourdes for unforeseen expenditures in other departments.

Foreign trade in the ten months ended July 31, 1950 was valued at US\$63,856,700, compared with US\$54,138,700 in the same months of the preceding year. The principal exports continued to be coffee, sisal and sugar. The 1949-50 coffee crop was 325,000 bags of 80

kilos, compared with 316,000 in 1948-49; as a result of the substantially higher prices, the export value of the crop is reported to be 110,000,000 gourdes, a gain of 43,000,000 gourdes over the previous year. Heavy rains have interfered with drying and delivery of the 1950-51 crop, which is estimated at 325,000 bags. Sisal production in 1949-50 was 35,217 metric tons, compared with 30,733 tons in the previous year; new plantings during the year indicate a further increase in output. Weather conditions were particularly favourable for sugar and a production of 54,762 short tons, the greater part of which was sold to the Netherlands, was reported. If the new mill, with a rated capacity of 18,000 tons, is ready for the 1951 grinding season, production this year will be substantially increased, as ample cane is reported available in the area. The cotton crop showed a further decline as a result of boll weevil infestation, and was largely consumed locally, as the textile mill continues to add to its capacity and products. Exports of bananas also declined and the government reduced export taxes in August.

On May 10th, President Dumarais Estime was removed from office by a military junta and a general election was held on October 8th. Colonel Paul E. Magloire was chosen president, the first to be elected by a direct vote of the people, and assumed office on December 6th.



Puerto Rico

BUSINESS CONDITIONS during 1950 were favourable on the whole but below the level of the previous year. Although the sugar crop established a new record, yields of other export crops were reduced by unfavourable weather. Labour conditions were satisfactory and a number of the new industries established under the tax remission law of 1948 came into operation. Construction, both public and private, was active. The value of trade with the continental United States was US\$528,008,584 in the fiscal year ended June 30, 1950, compared with US\$521,198,275 in 1948-49. Since

devaluation of sterling in 1949, a substantial volume of imports from Great Britain and Europe has been reported, but no statistics are available. The sugar crop of 1,286,434 tons established another record and, in spite of uncertainty about markets early in the year, was sold readily at advancing prices. It has been announced that there will be no restriction on the 1951 crop, but the output is expected to be smaller. Demand for molasses and rum improved during the year. Cold, wet weather during harvesting damaged tobacco and the yield of 220,000 quintals was one of the smallest in recent years. Quality was also below normal but all grades sold well at prices lower than those of the previous year. The unfavourable weather reduced the pineapple crop to 1,000,000 crates, compared with 1,250,000 crates in 1949. Approximately one-quarter of the crop was sold as fresh fruit and the remainder to the canners, both at prices below 1949 levels. The small pack permitted the canneries to reduce the stocks held over from the previous season. The 1951 crop is not expected to be large. The 1949-50 output of coffee was not sufficient for local requirements but high prices on the world market resulted in exports, at the same time that coffee was being imported for local consumption. Exports of needlework in 1949-50 were substantially above those of the previous year, but the outlook for 1951 depends on the effect of the general wage increase of approximately 30% recommended by the National Labour Relations Board.

SUPPLEMENT TO THE REPORT OF THE PROCEEDINGS
AT THE EIGHTY-SECOND ANNUAL MEETING OF
THE ROYAL BANK OF CANADA
JANUARY 11th, 1951

SUPPLEMENT TO THE REPORT OF THE PROCEEDINGS AT THE
EIGHTY-SECOND ANNUAL MEETING, JANUARY 11, 1951