



Bulletin

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CANADA'S ECONOMY IN 1970 AND THE OUTLOOK FOR 1971

The following is a year-end statement issued by Mr. Jean-Luc Pepin, Minister of Industry, Trade and Commerce:

Economic growth in Canada slowed in 1970. The gross national product in real terms rose by about 3 per cent, a somewhat greater advance than was realized in the United States and Britain, but smaller than in most other industrialized countries. At the same time, Canada's exports surged ahead, rising by \$2 billion in the one year to reach almost \$17 billion. Canada's surplus on merchandise trade in 1970 far exceeded that of any previous year.

One salutary aspect of the reduced momentum in the Canadian economy was the dampening effect it had on inflation. The rate of advance in Canadian prices was significantly less in 1970 than in either of the two preceding years. The price component of the gross national product, for example, rose by about 3.5 per cent in 1970 compared with 4.75 per cent in 1969. However, there is continuing upward pressure from the cost side which has yet to be adequately contained. Nevertheless, Canada's price performance did compare favourably with the ex-

perience this year (1970) of other industrialized countries of the world. Most countries of the Organization for Economic Co-operation and Development will have witnessed a rise in their general price level of at least 5 per cent in 1970 - more than double the average rate in the early 1960s.

As the year 1970 draws to a close there are increasing signs in the Canadian economy of lessening inflationary strain and of renewed growth momentum. The effects of earlier expansionary fiscal and monetary measures are beginning to show in the underlying trends of employment and unemployment. Further expansionary impetus has been added by recent budgetary measures. These measures were of a "selective" nature designed to stimulate those sectors of the Canadian economy, where stimulation is needed most, and to provide relief from economic hardships, without at the same time upsetting the hard-won improvement in price performance now under way.

SOARING TRADE SURPLUS

The outstanding feature of Canada's economic performance in 1970 has been the spectacular increase in Canada's merchandise trade balance. This has come about as a result of buoyancy in Canadian merchandise exports (up more than 14 per cent) coupled with virtually no change in the level of imports.

On the basis of nearly complete data for 1970, Canada appears headed for a merchandise trade surplus approaching the \$3-billion mark. This is an amount almost four times as large as the export surplus achieved in 1969 and more than twice as large as the previous record high surplus of about \$1.25 billion recorded in 1968. The unprecedented rise in Canada's merchandise trade surplus was an important element in cushioning the economy from the effects of the marked slow-down in domestic demand.

Another noteworthy result of the record-breaking achievement in external trade is that Canada will

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