

# Canada Weekly

Volume 7, No. 11

March 14, 1979



Ottawa, Canada

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## Canada's investment climate in good shape

*"I have no hesitation in telling you that, despite certain problems, the investment climate in Canada is very healthy. It is healthy in itself and it is healthy in comparison with any other country."*

*Jean Chrétien, the Minister of Finance, was addressing a meeting of the Council on Foreign Relations in New York on February 13, when he made the foregoing statement. He went on to describe Canada's current economic situation, outlining monetary and energy policies in his topic, which he called "The Climate for Investment in Canada". Passages from Mr. Chrétien's notes follow:*

\* \* \* \*

First, employment in Canada has grown more than 23 per cent since 1970, or by two million jobs, twice as fast as the increase in population. In the same period, employment grew by 15 per cent in the United States, by 5 per cent in Japan, and *decreased* by 6 per cent in Germany. Statistics published last week show that as of January there was an increase of 447,000 jobs in Canada or 4.8 per cent from [those of] January 1978. The employment ratio, that is, those employed as a percentage of working age population, is at a record high of 58.3 per cent, which is well above the level of the mid 1960s, when the unemployment rate was less than 4 per cent. Our major problem has been the rapid growth in our labour force.

Canada is the only industrialized nation to have had an increase in employment every year since the 1973 increase

in the price of oil by the Organization of Petroleum Exporting Countries (OPEC).

Second, comparing gross national product in the major industrial countries, only Japan has enjoyed a higher rate of real growth than Canada during the last ten years. Between 1968 and 1977, Canada had an average annual increase in GNP of 4.6 per cent as compared to 2.9 per cent in the United States.

Since the OPEC crisis, Canada is the only industrial country to have had some real growth every year.

Third, real personal disposable income *per capita* rose 51.9 per cent between 1968 and 1977, compared to 24 per cent in the United States.

\* \* \* \*

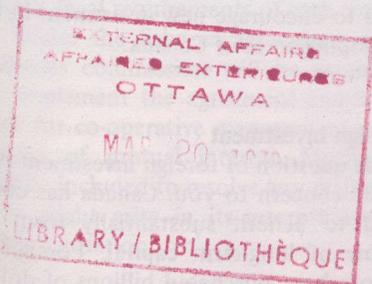
## Current economic situation

...The Canadian economy grew about 3.5 per cent last year. This was less than we had hoped, but it was still sufficient to generate a satisfactory increase in employment, which rose by more than 4 per cent over the past 12 months. Even though we had exceptionally rapid growth in our labour force, there has been some slight decline in the rate of unemployment. However, the current rate of 8 per cent remains higher than that in the United States.

A very large part of the economic growth we have achieved in the past year has taken place in the private sector of the economy. This is most apparent in the remarkable recovery of manufacturing, where output has increased by 9 per cent and employment by 7 per cent. At the same time, we now see more encouraging signs in such important sectors as

## External trade boom

Canada's exports in January, seasonally adjusted, rose by 5.8 per cent to \$5.13 billion on a balance-of-payments basis, following a decrease of 2.1 per cent in December. Imports rose by 0.2 per cent in January to \$4.74 billion after a 4 per cent decrease the previous month. As a result, the trade balance for January was a surplus of \$386 million — three times higher than the \$110 million recorded in December — which was attributed to a surge in manufactured goods.



Forty-nine years ago March 12...

First World War flying ace W.G. Barker died in a plane crash near Ottawa. He was 36. Barker, born in Manitoba, brought down 50 enemy planes, and was awarded the Victoria Cross, the D.S.O. (with bar), the M.C. (two bars), the Croix de Guerre and two Italian decorations.