

There has also been a slowing in the growth of employment. However, because the labour force, too, has been growing more slowly, the unemployment rate for December 1969 was the same as for December 1968.

Profits have weakened in the course of the year; in fact, on last reading they were falling substantially after rising vigorously in 1968.

Thus, while there are still some strong forces of demand in the economy, such as the demand for capital structures and equipment, the evidence is mounting of a slowing of the overall growth of demand and a reduction of the capacity to pass cost increases forward.

On the other hand, costs and prices are still rising very rapidly. Wage settlements have on the average exceeded productivity gains by a wider margin than in 1968. The increase in the consumer price index from December 1968 to December 1969 was 4.6 per cent. The average value of the GNE price deflator for 1969 was some 4.3 per cent above that for 1968.

All sections of the economy have felt the effects of price increases. In fact, the data do not reveal any substantial differences in the price averages among regions. However, not all regions have had equally high levels of employment, output or demand for goods and services. The government recognizes these differences and policies have been followed which seek to restrain certain classes of expenditures in areas where these were expected to be particularly strong, while other policies have sought to ameliorate the effects of the general policies of restraint in areas where the inflationary impetus is less marked.

CHART 1

