



Bulletin

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CANADA'S ECONOMY IN 1968 AND THE OUTLOOK FOR 1969

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

1968 has been another good year for Canada. Against the background of a sharp acceleration of the rate of growth of world production and trade, the forward momentum of the Canadian economy picked up significantly. It now appears that the gross national product has increased by close to 8 per cent this year and national output in real terms by no less than 4 per cent. The growth of demand and output, however, has not been adequate fully to absorb the new productive resources becoming available. While employment on average is up to 2 per cent over 1967, unemployment has increased somewhat and is now running at about 5 per cent of the labour force, seasonal factors aside.

Total industrial output is up 4.5 per cent this year compared with last, and manufacturing has shown a gain of over 4 per cent. Gains in real returns to manufacturers and the consequent increase in demands upon other sectors of activity have been an important factor contributing to new job opportunities in the economy as a whole.

AUTO PARTS TOP EXPORTS

In varying degrees, continental rationalization of production continues to impart new vitality to Canadian manufacturing, and industries extensively involved in this process are in the forefront of this year's advance. Motor-vehicle assemblies have exceeded 1.1 million units in 1968 and output of vehicles and parts combined has increased nearly a fifth in the past year and three-fifths since 1964. Annual exports of automotive products have reached the 2.5-billion mark to become by far the largest single

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Canadian export. While imports of automotive products still exceed exports, the deficit incurred in 1968 is the smallest in a good many years. Output of aircraft and parts is also up substantially in 1968, this being another industry heavily involved in two-way trade. In iron and steel, the strong growth trend of preceding years has been sustained in 1968, reflecting both higher exports and the expanding domestic needs of other export-oriented industries.

Among industries encountering less favourable conditions are the newsprint producers, which, faced with newspaper strikes and expanded newsprint capacity in the United States, have barely maintained the 1966 production level. Also, various equipment and material-producing industries have been adversely affected by the slower tempo of investment spending over the past two years.

DOMESTIC SPENDING

Among the principal domestic sectors of demand, new expansive stimulus in 1968 has come mainly from housing and from consumer spending. Notwithstanding the high cost of mortgage money, about 15 percent more houses have been started this year compared with last and the value of residential construction is up substantially. Meanwhile, consumer spending has more than kept pace with growth in the economy, reflecting the continuing strong upward movement of personal incomes and sustained consumer buying interest, particularly for durables and services.