

## Canada's Economic Renaissance

- Canada's economic environment is stronger than it has been in 25 years, and the economy is strong and growing.
- The government's plan to restore sound finances, combined with low and stable inflation, has contributed to a large drop in interest rates. This has encouraged the recent strong growth that is creating jobs, and reflects a new optimism on the part of consumers and businesses. These positive developments provide a sound basis for continued growth.
- In the first nine months of 1997, there were 279,000 net new jobs created, the majority of them full-time and all in the private sector.
- One-year mortgage rates have fallen almost four percentage points since January 1995, providing substantial savings for homeowners. Five-year mortgage rates are at some of their lowest levels in a decade.
- Private sector forecasters expect growth of about 3.7 per cent in both 1997 and 1998 — the strongest back-to-back growth in almost 10 years and the strongest in the G-7, the group of seven leading industrial nations.
- Underpinning much of this positive economic news is the considerable reduction of Canada's deficit. In 1993-94, the deficit represented about six per cent of the GDP — some \$42 billion. In 1996-97, the deficit came in at \$8.9 billion, almost \$20 billion lower than the previous year, and the largest year-over-year improvement in Canadian history. At 1.1 per cent of GDP, it is the smallest federal government deficit in over two decades.
- The government expects to eliminate the deficit no later than 1998-99, which would be the first balanced budget since 1969-70.
- In 1996-97, for the first time in 27 years, the government did not have to borrow new money on financial markets to pay for ongoing programs or for interest on the public debt.
- Despite progress toward eliminating the deficit, the federal government's public debt is still considered too high. The government is committed to maintain a declining debt-to-GDP ratio, since that is the key to ensuring sustained long-term growth and job creation.