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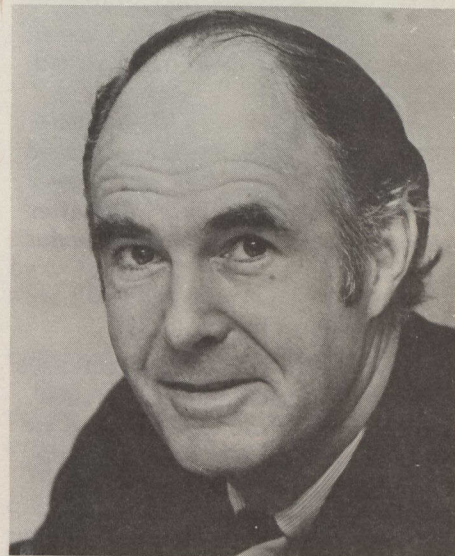
Review of Canada's economy in 1973 and outlook for 1974

The Minister of Industry, Trade and Commerce, Alastair Gillespie, issued the following statement at the beginning of January:

For the third year in succession, the Canadian economy in 1973 expanded at above its average longer-term growth rate. Gross national product (GNP) increased about 14 per cent to a total of approximately \$117 billion, and in real terms output increased by close to 7 per cent. This expansion in real production was the highest for any year since the mid-Sixties and was among the highest of any industrialized country in the world.

This growth reflected strength in the major sectors of the economy. Business spending on new plant and equipment picked up substantially after several years of comparatively modest increases. Housing starts reached a new record level. Consumer markets remained generally buoyant. Exports rose faster than they have at any time in the last two decades. This was accompanied by one of the largest gains of employment in recent years and a decline in the rate of unemployment.

But a less encouraging aspect of 1973 was the increasing momentum of price increases. While price increases in Canada were somewhat less than in most other industrialized countries, they have exceeded recent experience in Canada. In part, inflation of costs and prices in 1973 reflected the scarcities of many industrial materials caused by rapid economic growth proceeding almost simultaneously in most of the major industrialized countries. In addition, temporary world scarcity of feed grains and food products arose when crop failures in some major producing countries coincided with rising consumer demand. Major currency re-alignments during the year contributed to rising prices of imports into Canada. Particularly in the later months of the year, the costs of petroleum fuels rose as Arab states in the Middle East announced cutbacks in oil production and major increases in well-head prices. Higher prices for oil were in turn imposed by other major oil-exporting countries.



Mr. Alastair Gillespie

Employment gains

The sharp increases in economic activity were accompanied by one of the largest gains in employment for any year in Canada's recent history, about 5 percent over that of the previous year, reaching an average employment for the year of about 8.7 million....The average unemployment rate fell from an average of 6.3 per cent in 1972 to an estimated 5.7 per cent in 1973.

* * * *

Consumer expenditures rose to an estimated \$68 billion for the year, up by about 14 per cent from those of 1972. The strongest sector was consumer durables, where expenditures increased by nearly 20 per cent, faster even than the rapid pace of expansion in the previous year. Highlighting the trend, passenger-car sales showed a major gain, moving up to around one million units for the first time. Increases have also been substantial in other sectors of consumer spending.

Strengthening trend in investment

The strengthening of capital investment provided an important thrust to economic expansion during the year.