



Statements and Speeches

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REVIEW OF CANADA'S ECONOMY IN 1974 and OUTLOOK FOR 1975

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Highlights of 1974

Almost alone among the industrialized countries of the world, Canada again achieved a significant rise in overall production and employment in 1974. The gross national product (GNP) in Canada increased by about 4 per cent in real terms compared to zero growth for OECD countries as a whole and a decline in output in the United States. Employment also rose by about 4 per cent.

In dollar terms, the GNP rose to nearly \$140 billion, an increase of over 17 per cent. Much of this rise was accounted for by the high rates of inflation, now facing the industrial world. While the rate of inflation in Canada was somewhat below the average of other industrial countries, it was still considerably above 1973 rates.

Much of the increase in output occurred as a result of rising industrial activity early in the year. In more recent months, the upward tempo in economic activity has slowed in response to the international economic climate.

This change to a slower pace followed more than three years of above-average rates of growth, during which the Canadian economy has operated at levels close to capacity.

Labour markets

Favourable business conditions supported a generally strong labour-market situation in 1974. Employment again rose faster than in most postwar years. There were about 350,000 additional jobs, representing an increase of about 4 per cent over 1973.

Despite this increase in jobs and a high job-vacancy rate, unemployment remained at about 5.5 per cent of the labour force, about the same rate as in 1973. The labour force continued to grow at an unusually high rate.

Major domestic demand influences

Canada's superior economic performance was due principally to the continued strength of domestic demand. A major stimulus was provided by a 21 per cent increase in total capital investment, and more particularly a 38 per cent increase in investment by manufacturing firms, which went largely to expand plant capacity and thus to eliminate shortages.
