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REVIEW OF CANADA'S ECONOMY IN 1967

AND OUTLOOK FOR 1968

By the Honourable Robert H. Winters,
Minister of Trade and Commerce,
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Canadian exports have continued to grow at a rapid pace in 1967. Despite a general slow-down in the rate of expansion of world trade and production, Canada can expect to meet the objective of \$11.25 billion of exports set by the Department of Trade and Commerce for 1967. Canadian employment and output have also advanced, but at a slower pace. Rising costs continue to exert upward pressure on Canadian prices, and corporate profits have dropped.

This year, growth of world production and trade has slackened following several years of strong advance. An early-year inventory adjustment in the United States, recessionary conditions in Germany and generally sluggish trends of economic activity in other countries of Western Europe and in Britain were major influences contributing to slower world growth. This slow-down has not been universal, however, and strong rates of growth have been maintained in Japan and a number of other countries of importance for Canada's trade.

In Canada, economic activity has continued to expand, but at a reduced pace. Canada's gross national product in 1967 has increased by about 7 per cent over 1966. But more than half of this increase reflects higher prices. National output in real terms has risen by only about 2.5 per cent, or, if the decline in crop production is excluded, by 3 per cent.

Employment on average has been more than 3 percent higher in 1967 than in the preceding year. However, new job opportunities have not fully kept pace with the increase in new job-seekers, whose ranks have been swelled by record numbers of young people coming out of schools and by the highest level of immigration in ten years. Consequently, unemployment is somewhat higher now than a year ago and for the calendar year has averaged just over 4 per cent of the labour force, compared to 3.6 per cent in 1966.

Among the major components of demand, the principal shift in 1967 has occurred in the investment sector. Capital expenditure by the business community showed little, if any, increase in 1967 following increases of 15 to 20 per cent in each of the three preceding years. Housing starts have increased sharply in recent months and the total outlay on housing during the entire calendar year