



STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA

No. 70/25

REVIEW OF CANADA'S ECONOMY IN 1970 AND OUTLOOK FOR 1971

A Statement by the Honourable Jean-Luc Pepin,
Minister of Industry, Trade and Commerce,
December, 1970.

Economic growth in Canada slowed in 1970. The gross national product in real terms rose by about 3 per cent, a somewhat greater advance than was realized in the United States and Britain but smaller than in most other industrial countries. At the same time, Canada's exports surged ahead, rising by \$2 billion in the one year to reach almost \$17 billion. Canada's surplus on merchandise trade in 1970 far exceeded that of any previous year.

One salutary aspect of the reduced momentum in the Canadian economy was the dampening effect it had on inflation. The rate of advance in Canadian prices was significantly less in 1970 than in either of the two preceding years. The price component of the gross national product, for example, rose by about 3.5 per cent in 1970, compared to 4.75 per cent in 1969. However, there is continuing upward pressure from the cost side which has yet to be adequately contained. Nevertheless, Canada's price performance did compare favourably with the experience this year of other industrialized countries of the world. Most OECD countries will have witnessed a rise in their general price level of at least 5 per cent in 1970 -- more than double the average rate in the early 1960s.

As the year 1970 draws to a close, there are increasing signs in the Canadian economy of lessening inflationary strain and of renewed growth momentum. The effects of earlier expansionary fiscal and monetary measures are beginning to show in the underlying trends of employment and unemployment. Further expansionary impetus has been added by recent budgetary measures. These measures were of a "selective" nature designed to stimulate those sectors of the Canadian economy where stimulation is needed most and to provide relief from economic hardships, without at the same time upsetting the hard-won improvement in price performance now under way.

The outstanding feature of Canada's economic performance in 1970 has been the spectacular increase in Canada's merchandise-trade balance. This has come about as a result of buoyancy in Canadian merchandise exports (up more than 14 per cent) coupled with virtually no change in the level of imports.