



PRESS RELEASE



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Governor Reviews Past Adjustments and Future Trends in the Canadian Economy

LONDON, Ontario, 8 December 2003 — Bank of Canada Governor David Dodge today reviewed the economic adjustments that Canadians made through the 1990s and talked about the adjustments that will be necessary in coming decades.

In particular, the Governor emphasized the need to improve productivity if Canadians are to continue to enjoy rising incomes and to be able to deal with the consequences of a labour force that will start shrinking in about 15 years.

Regarding the current economic situation, the Governor said that slower-than-expected growth so far this year means that, in the fourth quarter of 2003 and through 2004, the economy will need to expand at a faster pace than previously projected, if it is to return to its level of full production capacity by early 2005. While there are good reasons to expect that this stronger growth will occur, the Bank "will be closely watching all the data ahead for evidence that the economy is growing at a rate solidly above the growth of potential," Mr. Dodge noted.

CONTACT: Pierre Laprise
(613) 782-8782