

# Economic Digest

## Budget boosts consumer spending

Retail sales taxes dropped in most provinces after an unprecedented arrangement announced in the Federal budget brought down by Finance Minister Jean Chrétien in April.

The temporary cuts of two or three cents on the dollar — with the Government compensating provinces for the revenue loss — were unveiled as a measure to give a quick stimulus to the economy; the Minister acknowledged that income tax cuts announced last October had not spurred economic growth as much as expected.

Other tax benefits were announced for companies undertaking research and development, investors in registered retirement savings plans, oil companies and for railways to speed modernization.

A 50 per cent deduction will be allowed companies which make further investments in research and development. The after-tax cost of one dollar of spending will be cut to about 20 cents, costing the Federal Government C\$50 million.

Depletion allowances to oil companies were increased with the aim of encouraging development of oil sands and heavy oil deposits in the West. And tariff reductions applying to imported goods worth C\$1.5 billion in 1977 are to be extended until June 30, 1979, but preferential tariffs on some British and Irish goods will be eliminated.

Other budget measures included:— the rules governing existing retirement savings plans to be made more flexible; existing tax-free transfer provisions for family farms to be widened to include incorporated family farms; and board and lodging benefits to be tax-free for single persons working at remote work sites. This had been limited to married or equivalent status.

Mr. Chrétien said total financial requirements of the Government in 1978/79 would be about C\$11.5 billion, exclusive of foreign exchange transactions. Budgetary spending and non-budgetary loans were projected at C\$48,450 million, a reduction of C\$350 million from the main spending estimates for the year tabled in February. The reduction, he said, reflected a decision by the Government to reduce the ceiling on expenditures by that amount.

Budgetary revenues after the measures were forecast at C\$36 billion. This was based on an increase in the Gross National Product of 11 per cent in current dollar terms. About six per cent would be due to price changes and close to five per cent to real growth.

Mr. Chrétien said the purpose of the budget was to "take positive and responsible action to deal with the problems which face the Canadian economy in a very troubled world". He was convinced Canada had a potential for economic growth and higher living standards second to none in the world. Canada had the skills, the natural resources and the proven ability to work together in solving its problems.

## Trade surplus doubles

Canada's trade surplus in goods hit C\$1.412 billion in the first three months of this year, nearly double that of the same period in 1977, Statistics Canada reported late-April.

The substantial improvement came as a record C\$4.361 billion worth of goods was sold in March running up a surplus for the month of C\$840 million. With the weaker Canadian dollar, exports in March rose by 1.5 per cent while the total value of imports fell by 13 per cent.

Total first quarter exports were valued at C\$12.489 billion compared with imports of C\$11.077 billion.

## Production costs down

Increased productivity, moderation in wage demands and the depreciation of the dollar have helped reduce Canada's costs of production and improve its international competitive position. However, unit labour costs in 1977 still rose faster than those of Canada's four major trading partners in domestic currency terms, said the Federal Finance Department in its 1977 Economic Review published late-April.

The Review adds that lower wage increases are needed to secure the gain in competitiveness and that keeping the increase in unit labour costs at or below that of the United States would be the least costly manner of ensuring cost competitiveness.

The Review, summarising much information about the economy already published, said Canada had a real growth rate of 2.6 per cent in 1977, an average unemployment rate of 8.1 per cent and an inflation rate of eight per cent.

## Yukon house prices

A real estate survey in the Yukon has shown house prices are rising significantly. The average selling price of a house in Whitehorse is now C\$53,000, an increase of C\$8,000 within a year and rising at an average of C\$1,000 a month.

The value of commercial property is reported to have risen 15 times within 12 months. The survey, conducted by the Territorial Government, suggests that the rise in values is partly attributable to inflation but also to the prospect of gas pipeline construction from Alaska, through the Yukon, to British Columbia.

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audible little trifles like "Once more into the breach, dear friends . . ."

So it is with much of the exhibition. Having satisfied one's curiosity by a close-up, almost voyeurish inspection of these people's lives and effects, one ends up feeling that one has missed the main point: that the important thing about each one of them is the thing one cannot experience fully in such a setting — namely, their art.

The photographers come off best: Yousuf Karsh, the world-famous portrait photographer, and the sensitive social documentation of Ursula Heller, bringing her camera to bear on life as it is lived and celebrated — mostly by ordinary people. "Lower middle class life becomes romantic!" remarked an English social observer at Canada House.

The general impression is that INTERESTING THINGS are happening in the arts in Ontario. There is much enthusiasm and diversity: one's interest is aroused, if not satisfied — except in the design of the exhibition itself, which is masterly: the work of Kuypers, Adamson and Norton, an Ontario firm of industrial designers. And the exhibition is solid evidence of the seriousness of its sponsors, the Ontario Arts Council, through whom the provincial government of Ontario gives generous state assistance to the arts within the province.

"We among others" is showing at the South Hill Park Arts Centre, Bracknell, Berks., from April 19 to May 21.

## Sulphur pavements?

Millions of tons of waste sulphur, which clutter the landscape around natural gas fields, may soon be used to pave Canadian roads.

A by-product of the refining process before the gas enters the pipelines, the sulphur far exceeds the requirements of the fertilizer industry, occupying increasing tracts of real estate.

Ralph Haas, a professor in the University of Waterloo civil engineering department, is researching the use of sulphur in pavements.

"Traditionally, most of the pavements on our streets and highways have been made with sand and gravel, with the 'glue' binding them being asphalt," he said.

Asphalt, the last by-product removed in the refining of petroleum, is a sticky, tarry substance made up of complex hydrocarbon molecules.

Gulf Oil Canada have evolved a way to mix sulphur and asphalt to make a new kind of binding material for pavements: Haas and his colleagues are submitting the material to a variety of tests.