G. E. Pearson, President, Canadian Chamber of Commerce, "1976 will see a slight recovery in the Canadian economy but at a rate lower than some of the recent predictions have indicated. Unemployment will rise slightly to 7·75 per cent and capital expenditures by business will increase at a relatively low rate of three per cent reflecting the low rate of corporate profits. The foreign trade situation for Canada will become somewhat brighter during 1976 when Canada should experience a fairly even balance between imports and exports."

R. E. Hatch, Chairman, Canadian Export Association, "Imponderable factors in both the international and domestic environments make it virtually impossible for most exporters to forecast their prospects beyond the short term. In the near term, rising costs of materials, labour and energy threaten a deterioration of the international competitive position of Canadian industry. Two of Canada's most serious national concerns today are the mounting trade and current accounts deficits, and the need for rapid growth of industrial activity and new private job-creating investment. While recognizing the need to control dividends . . . this association takes the view that any move to restrain export profits must work against the interests of all sectors of the Canadian economy."

D. MacCameron, Chairman, Canadian Institute of Steel Construction, "There is optimism that construction volume could pick-up in the latter half of 1976, and continue to build strength throughout 1977 and 1978. Our recovery should be led by consumer spending, some increase in housing starts and increased exports generated by improvement in the world business cycle.

"When the country sees solid evidence that the anti-inflation programme is working to restrain production costs, this will certainly help to restore confidence in the private sector and generate expansion plans."

Housing

The federal target for housing production in 1975 was surpassed and the outlook is bright for several months at least, say Central Mortgage and Housing Corporation (CMHC) officials. Despite some gloomy predictions last year, CMHC have released some preliminary year-end figures showing the building industry began construction of more than 230,000 housing units, well above the Government's minimum goal of 210,000.

This goal was achieved after a strong upsurge in construction in the last half of the year. CMHC officials said they expect this trend to continue for several months as mortgage lending activity is heavy. The main question facing the building industry this year is the reaction of potential home buyers to the federal anti-inflation programme. One official said it was still unclear how the anti-inflation measures would affect demand for new homes.

Employment

Unemployment dropped slightly in December, but the average rate for 1975 equalled the post-war record high and a new unemployment record is expected this year. In December 7·1 per cent of the labour force was unemployed compared with 7·3 per cent in November. The rate declined in all provinces measured except Ontario — where it rose slightly — and Quebec, where it remained steady.

It was the tenth consecutive month the rate has hovered above seven per cent and produced an average jobless rate for 1975 of 7·1 per cent, the same average rate as the 1961 post-war record. Although the monthly rate went as high as 7·9 per cent in June, 1958, 7·1 per cent is the worst annual rate since Statistics Canada began regularly collecting unemployment statistics in 1946, officials said.

The Conference Board in Canada predicts the 1976 average rate will be 7·7 per cent, with the monthly rates gradually rising to 7·9 per cent in the final quarter. The Board is a private economic research organization supported by business, labour and government.

Arthur Smith, Conference Board President, said in an interview that the slight December decline did not alter the Board's predictions. However, he noted that the Board had predicted a 7·2 per cent annual rate for 1975, which proved high. He said the weakness of the current recovery from the 1974 - 75 recession will probably mean lay-offs in goods-producing industries as accumulated inventory is sold. The Government's anti-inflation programme is likely to contribute to this as new investment is reduced or postponed due to business uncertainty.

The Canadian Labour Congress, a strident opponent of the selective pay and price control programme predicts unemployment will rise above eight per cent in some months of 1976.

The December rate in Ontario rose to 6·1 per cent from six per cent in November. The level in Quebec remained steady at 9·2 per cent. The figures are adjusted to account for seasonal variation, which economists consider a more accurate measure of the performance of the economy. On an actual basis, a national total of 697,000 persons were officially unemployed in December.

The jobless rate in December, 1974, was six per cent of the labour force on a seasonally adjusted basis. On an actual basis, there were 597,000 persons officially unemployed at that time.

Car sales

Canada's big four auto manufacturers had another banner year in 1975 and industry officials look for car sales this year to pass the one-million mark for the first time. Figures show that the companies sold 1·13 million vehicles in 1975, surpassing the record of 1·06 million set in 1974.

Ford Motor company of Canada was the only company to report a drop in 1975 sales. Ford vehicle sales totaled 324,178 in 1975, down 2·2 per cent from a year earlier. However, William Hawkins, Ford Vice-President and General Manager, said sales for December increased more than 50 per cent, the company's best December ever.

Money and people needed

Canada may need more foreign investment and immigrants in the early 1980's to sustain the rates of growth in output and wealth to which the country has become accustomed, according to the Economic Council of Canada.

Forecasting possible trends during the first half of the next decade in its 12th annual review, the federal advisory body concludes that without a radical improvement in industrial efficiency "It may be increasingly difficult to maintain the recent high-output growth rates."

"There are reasons to expect that we may be confronted with the need to accept very large amounts of foreign capital and large inflows of foreign workers if we are to achieve satisfactory growth in the years ahead," says the Council, a 28-member group representing various economic interest groups.

The reasons for needing more investment and immigration are that Canadians are unlikely to generate sufficient savings to finance all the needed industrial development, while growth of the labour force is expected to slow because of the recently declining birth rate.

In the same review, the Economic Council of Canada warns that even if the government's anti-inflation programme works in the short run, some kind of permanent controls may be needed to keep a lid on inflation.

It says that the problem will be to avoid an explosion of inflationary wage and price demands when controls are lifted. The selected wage and price controls introduced October 13 are scheduled to expire at the end of 1978. Finance Minister Donald MacDonald has said he hopes they can be removed earlier.

One of the things the report singles out is the contribution of higher government spending to inflation. The share of government expenditures in GNP has risen during the last 10 years to close to 40 per cent from 30 per cent. "Expenditures of all levels of government increased by 23 per cent in 1974, after several years of increases of about 12 to 13 per cent," the report says. Controlling inflation in the longer run will only be successful "if governments begin to exercise restraint in their expenditures and consequently the rate of revenue collection."