

Economic Digest

Trade surplus

Canada ended 1974 with a trade surplus of \$472 million — one quarter the balance for 1973, Statistics Canada reported late February.

In volume terms, exports were down 7 per cent and imports were up 3.5 per cent. But in value there were substantial increases in trade both ways caused by higher prices particularly for oil and food. The value of exports rose 26 per cent to \$32.1 billion and the value of imports by 36 per cent to \$31.6 billion.

Volume exports of live animals were down 46 per cent, food products down by 23 per cent, inedible crude materials down 6 per cent and end products down 4 per cent. There was no change in fabricated materials.

On the volume import side, there were drops of 21 per cent in live animals, 4 per cent in food and 4 per cent in raw materials. However, there were rises of 13 per cent in end products and 1 per cent in fabricated materials.

Statistics Canada said exports were hampered by strikes last summer at the West coast and on the Great Lakes and wheat shipments were seriously affected by port strikes dropping 14 per cent to some \$950 million in the first half of last year.

Unemployment

Unemployment in Canada rose only slightly in February — from 6.7 per cent to 6.8 per cent. But the situation worsened in provinces with an already high unemployment rate.

In Newfoundland the rate increased by 1½ percentage points to 17.6 per cent although this was still below the peak of last summer. And in New Brunswick the figure rose from 10.9 per cent to 11.7 per cent, a record high for the province. However, three provinces showed declines — Ontario, Nova Scotia and Saskatchewan.

Actual unemployment in Canada in February was 839,000 out of a 9.71 million labour force or 8.6 per cent. Adjusted for seasonal factors, the rate works out at 6.7 per cent which compares with 8.2 per cent in the United States.

The national unemployment rate for men aged 25 and over was unchanged at 5.2 per cent, but for younger men it increased to 14 per cent. The percentage of women aged 25 and over seeking work rose from 3.6 per cent to 4.1 per cent, and for younger women the rate went up from 9.5 per cent to 10.1 per cent.

Estimates

The Canadian Government is planning to spend \$28.242 billion in the 1975/76 fiscal year, according to preliminary estimates announced in February.

Although this is a 28 per cent increase on the previous fiscal year's preliminary estimates, the actual rise is only about 13 per cent up on 1974 spending following supplementary estimates during the year.

One of the biggest factors in the new spending programme is \$1.3 billion to continue subsidising oil users in the east against the higher-priced imported fuel they must use. The projected total is up 11.8 per cent.

The largest increase in the estimates is \$831 million for health and welfare — a rise of nearly 12 per cent at \$7.85 billion. And the biggest percentage rise is 37 per cent for foreign affairs up to \$701 million.

Canada also plans to spend \$933 million on aid in the next fiscal year — an increase of \$200 million. Nearly a quarter of the total will go on food aid.

Government spending on buildings, land, machinery and equipment is projected to increase by nearly 37 per cent to \$1.422 billion, and its wage and salary bills including benefits are expected to rise by 12.1 per cent to \$5.106 billion.

Other major areas of spending are: defence — up 11.6 per cent to \$2.8 billion; transportation and communication — up 8 per cent to \$2.08 billion; economic development programmes — up 7 per cent to \$4.66 billion; culture and recreation — up 19 per cent to \$690 million; public debt — up 13 per cent to \$3.58 billion.

Excluded from the estimates are several programmes financed through special funds, and this includes \$3.97 billion for old age security and income supplements — up 16 per cent.

Wages

Major collective pay settlements in 1974 provided for an average increase in base rates of 14.2 per cent with average rises for the last quarter of the year climbing to 17.4 per cent.

According to figures released mid-February by the Canada Department of Labour the 1974 increase of 14.2 per cent compares with a 9.8 per cent average for 1973.

The figures are based on a continuing analysis of collective agreements covering 500 or more workers excluding construction industry settlements.

During 1974, 113 one-year agreements provided for average annual increases in base rates of 16.6 per cent. The 245 two-year agreements provided for increases of 17.3 per cent in the first year and 10.4 per cent in the second. And the 52 three-year agreements provided for rises of 13.8 per cent, 7.4 per cent and 6.2 per cent in the first, second and third years respectively.

It was also reported in mid-March that for the first time the average hourly earnings of workers in Canadian manufacturing industries had surpassed those earned by their counterparts in the United States.

In December last year, Canadian workers earned an average of about \$4.73 an hour compared with the U.S. rate of \$4.64, said an official of the Canadian Labour Congress. The averages are for gross earnings and include overtime and shift differentials.

In December 1967 the U.S. worker in manufacturing industries earned on average 41 cents an hour more than his Canadian counterpart.

Prices

Costs of services — education, housing costs and so on — jumped by 1.3 per cent in February as the consumer price index increased by eight-tenths of one per cent, Statistics Canada reported early March. This was the sharpest one-month rise in services in recent years.

Costly out-of-season foods were the main factor for a rise in the food index but there were declines for other foods such as beef and sugar. The index for purchases of all goods rose by six-tenths of one per cent, although this was partially offset by the car price index. This was down seven-tenths of one per cent due to rebates offered for new cars.

The overall index for February was 11.8 per cent higher than a year ago. In the three previous months the 12-month increase was 12 per cent or more. Compared with February last year, the food index was up 14.7 per cent, the housing index up 10.3 per cent, the transportation index up 11.4 per cent and the clothing index up 8.5 per cent.

The February index stood at 178 which means that the consumer goods that could be bought for \$100 in 1961 cost \$178 in February, \$176.60 in January and \$159.20 in February last year.

Housing

The 1975 capital budget of Central Mortgage and Housing Corporation amounts to more than \$1.4 billion — an increase of 12.5 per cent on last year.

New housing programme providing interest-reducing subsidies for home-owners and rental housing are expected to supplement the budget by attracting more than \$1 billion in private investment.

Urban Affairs Minister Mr. Barney Danson has said the budget is aimed at helping achieve a target of 210,000 housing starts in 1975, most of them in the low and medium price ranges.

Apart from providing more money for housing, the budget makes relatively higher allocations to programmes likely to produce quick starts and completions. There is a heavier emphasis on housing for rental to offset a sharp drop in production last year and a decline in vacancy rates in major market areas. ♦