

# Economic Digest

## Unemployment

The seasonally-adjusted rate for unemployment in Canada rose to 7.2 per cent in March from 6.8 per cent the previous month, Statistics Canada reported early April.

Part of the problem was due to an increase of 75,000 in the labour force during the month. The figures indicate that the number of people looking for jobs was growing more than twice as fast as job openings.

Unemployment in Quebec at nine per cent was the worst for 14 years and in Ontario the rate was six per cent, up from 5.6 per cent in February.

Eastern Canada continued to show increases. Newfoundland reached 18.8 per cent (17.6 per cent in February); the New Brunswick rate went to 12.2 per cent (11.7 per cent in February); and in Nova Scotia the rate increased to eight per cent (7.2 per cent).

But Manitoba and British Columbia both had declines — from 4.1 per cent to 3.9 per cent in Manitoba, and from 8.5 per cent to 8.4 per cent in British Columbia. Saskatchewan was unchanged at 2.6 per cent while in Alberta there was a slight increase to 3.5 per cent.

The smallest increase in unemployment rates was among men aged 25 and over — the rate for this group went from 5.2 per cent to 5.4 per cent. For women in the same age bracket, there was a rise from 4.1 per cent to 4.6 per cent. The rate for younger men increased from 14 per cent to 14.4 per cent, and for younger women from 10.1 per cent to 10.8 per cent.

## Housing

The number of house completions in Canada in 1974 reached a record level of 257,243 due to the high volume of starts the previous year, it was revealed in the annual report of the Central Mortgage and Housing Corporation.

But housing starts during last year were down by 17 per cent to 222,213 after

three years of steady growth. The report says that after a generally healthy start to the year, economic activity slackened mid-way while inflation increased, and people were reluctant to purchase homes. In the second half of the year, house-builders were discouraged by a slow market and starts decreased more sharply.

A modest increase of five per cent to 30,352 was reported for housing starts financed directly by CMHC, due mainly to a substantial increase in the Assisted Home Ownership Programme. In all, some 18,300 AHOP loans were made during the year. Originally budgeted at \$300 million for 1974, the programme proved so popular that an extra funding of \$150 million was provided. Nearly all these funds were committed before the end of the year.

The CHMC also allocated \$58 million for a test programme to stimulate rental construction. It offered funds at eight per cent to builders in cities with severe shortages, and the programme was totally committed within a few weeks.

Last December legislation was introduced intended to draw a billion dollars or more of private capital into the housing market. Under the legislation, families who qualify under AHOP and who receive loans from approved lenders rather than directly from the CMHC, could receive interest-reducing grants of up to \$600 yearly to lower their monthly payments to an affordable proportion of their income.

The latest figures for housing starts this year show that in February they were at a seasonally-adjusted annual rate of 156,000. Actual starts during the month in urban areas were 5,031, a drop of 44 per cent from the 9,029 recorded in February 1974.

## Food costs

The estimated cost of a nutritious diet for a four-person family increased in January-February this year to an annual average of \$2,100 compared with \$2,060 last year, according to the latest quarterly report of the Food Prices Review Board.

Sharp declines in beef and sugar and to some extent in potatoes and eggs, caused a slackening in price rises in the January to March period, said the Board. But prices of milk, pork, bread, processed vegetables and fresh fruit rose substantially.

In its last quarterly report, the Board warned of a 16 per cent rise in 1975 unless there were declines in consumer spending and income demands.

It notes that last year there had been an increase of 12 per cent in 'compensation' per employee and that average hourly earnings in the food and beverage industry had risen by 15 per cent. But productivity had declined during the year resulting in a reduction in output per employee.

The report also suggests that producers seem to be assessing net returns in relation to the earnings of industrial workers rather than in relation to farm incomes only a few years ago. It warns that such comparisons will only add to the upward pressure on food costs.

## Capital investment

A 14 per cent rise to \$37 billion in capital spending is forecast for 1975 by Statistics Canada. This compares with \$32.5 billion last year.

Based on a survey of about 24,000 companies and agencies, the figures represent the spending plans of both the private and public sectors, and are in current dollars.

Although housing starts are expected to decline this year — confirmed by the February figures — there should be a rise in non-residential building. In fact, new construction outlays are expected to be \$23 billion compared with \$20.5 billion in 1974.

Spending on new production machinery and equipment is projected at \$14 billion, about 16 per cent higher than last year, while capital outlays by business organisations, including agriculture, mining, manufacturing, utilities, finance and other groups, will be about \$23.5 billion, an increase of \$3.5 billion. Government and institutions are expected to increase their spending by 20 per cent to \$6.6 billion.

Capital costs for repairs to existing structures and machinery are reckoned at \$9.7 billion, a 12 per cent rise on 1974 spending.

## Minimum wage

The minimum wage for employees engaged in federal government work will be increased from \$2.20 to \$2.60 an hour from July 23 this year, Labour Minister Mr. John Munro announced in March. The present minimum wage has been in effect since April last year.

From July 23, the minimum wage for employees under the age of 17 will also be increased — from \$1.95 to \$2.35 an hour. About 13,500 workers will be affected by the increases.

## Wheat acreage

Canadian farmers intend to plant 25.14 million acres of wheat this year, according to Statistics Canada. This is below the 26 million acres recommended by Mr. Otto Lang, Minister Responsible for the Wheat Board.

The 1975 wheat projection includes 3.65 million acres of durum, which although higher than the 2.5 million acres requested, is down on the three million acres of durum last year.

The figures are based on a survey taken in March but Statistics Canada points out that plans may change when farmers have had time to assess the market outlook and conditions.

In February Mr. Lang said increased acreages were needed to meet expected market demands but because of economic uncertainty, the Wheat Board was keeping initial payments low. The minimum price guaranteed to farmers will be \$2.25 a bushel — the same as the last two years. ♦