

Canadian and U.S. economies — a time for restraint

The Canadian and United States economies, usually thought to move in similar patterns, have "broken stride dramatically" in the first half of 1974, says the Bank of Montreal's *Business Review* for August.

The *Review* notes that the marked divergence in the two economies is largely a result of a severe slowdown in two areas in the U.S. — housing and auto sales — which did not occur in Canada.

The drop in housing starts south of the border is blamed on a scarcity of mortgage funds, over-building in some areas and on the gasoline shortage, which discouraged people from buying homes in the suburbs.

In Canada, although housing activity is still robust, matching the pace of last year, there are clear signs of a downward trend.

Auto sales in the U.S. have decreased owing to the oil shortage, while sales in Canada remained buoyant. Still, sales of imports here in the first four months of 1974 were down a "startling" 36 per cent over the figure in the same period last year, the *Review* says.

Because of low car sales and a weakness in housing-related items, total retail sales in the U.S. in the first five months of 1974 increased only 5.8 percent over that of a year

earlier — well below the rate of inflation. In Canada, retail sales jumped 13.4 per cent in the same period.

Capital investment is another area showing a marked difference. In Canada it is expected to rise this year by more than 20 percent above last year's figure, roughly twice the rate expected in the U.S.

Trade balance deterioration

In foreign trade, however, trade balances on both sides of the border are suffering.

"With Canada's domestic economy so strong in comparison with that of other world economies, it is little wonder that import growth is currently exceeding export growth and the trade balance has deteriorated perceptibly," the *Review* says.

In both countries, the *Review* continues, money markets have tightened, with interest rates rising to all-time highs. This is somewhat surprising, it adds, because the growth in the two money supplies have been at least as strong as they were a year ago.

According to the *Review*, the banking systems in both countries had run liquidity to record low levels by early this year. "With growth in loans continuing to exceed growth in deposits" with the "inevitable result: the price of funds in the short-term markets was

Comparative inflation rates

(% increase, consumer price index)

| | 1973 | Latest 12-month period | |
|--------------|------|------------------------|---------|
| West Germany | 6.9 | 7.2 | (May) |
| Netherlands | 8.0 | 8.8 | (May) |
| U.S. | 6.2 | 11.1 | (June) |
| Canada | 7.6 | 11.4 | (June) |
| Belgium | 7.0 | 11.5 | (May) |
| France | 7.3 | 13.5 | (May) |
| Denmark | 8.8 | 14.2 | (April) |
| Britain | 9.2 | 15.9 | (May) |
| Italy | 10.4 | 16.1 | (May) |
| Japan | 11.7 | 23.2 | (May) |

bid up sharply."

Looking ahead, the *Review* says that Canada's strong investment program and consumer sector should keep the economy moving forward faster than Western economies. Slackening exports, however, and a weaker housing sector seem certain to slow the strong forward momentum that has characterized the economy this past year.

An economic slowdown on both sides of the Canada-U.S. border is, by itself, not enough to erase inflation. (The annual rate of increase in the consumer price index in May and June was 20 per cent in Canada and 13 per cent in the U.S.) Measures to restrain excessive demand and increase production over the long term are required, concludes the *Review*.



Lise Payette

Growing popularity of Quebec TV personality

In the Province of Quebec, Lise Payette is regarded as a "superstar".

By her commanding appearance and assured manner she dominates the television screens of French Canada on her nightly talk show, *Appelez-moi Lise*.

When she took over the network's nocturnal "talk-spot" two seasons ago, she inherited an audience of about 200,000. She and Radio-Canada program executives hoped to raise that figure by half. But *Appelez-moi Lise* has succeeded beyond their wildest expectations, the show regularly draws an audience of between 800,000 and one million viewers. One night, it reached over two million.

That means a lot of people who used

to go to bed at 11 p.m. are staying up until midnight to watch Lise twig the egos of celebrities, coax secrets out of them, and talk them into doing the most extraordinary things. Montreal Canadiens' star Jacques Lemaire and labour leader Louis Laberge both sang on her show. Mayor Jean Drapeau of Montreal traded jobs with her for a day. Prime Minister Pierre Trudeau evaded questions about his wife's pregnancy.

But Otto Preminger, Nana Mouskouri, Yul Brynner and Xaviera Hollander gave answers and spilled secrets thanks to her adroit questioning.

Beautiful man contest

An admitted feminist, she will often ask famous men how they treat their