

The average rate of unemployment during 1973 declined to 5.6 per cent of the labor force from the 1972 average of 6.2 per cent. The 1973 level was the lowest since 1969. It would have been lower still, but the number of Canadians entering the labor market was also at a record level of 4.4 per cent. This was well above the previous record growth for the Canadian labor force of 3.9 per cent in 1957 and again in 1966.

Total exports of the goods and services increased at a postwar record rate of 22.3 per cent. Business capital investment, excluding housing, increased in 1973 by more than 18 per cent in value and 11.7 per cent in real terms – more than 4 times the rate in 1972. Consumer spending increased by 8.6 per cent in real terms.

Real personal disposable income of Canadians per capita – that is the income available after payment of direct taxes and discounting the impact of inflation – increased by 6.8 per cent. This compared with increases of 5.9 per cent in 1971 and 6.7 per cent in 1972. Since 1970 the average disposable income of Canadians has risen by 21 per cent, nearly twice the increase in the U.S.

Cost of living

Grocery prices led a one per cent rise in Canadian living costs in February, escalating the inflation rate faster than last year's 22-year record. Statistics Canada reported at mid-March that groceries climbed 2.6 per cent in February and included sharply higher prices for beef, potatoes and sugar products. All other major price categories – housing, clothing, transportation, health/personal care and recreation/reading averaged five-tenths of one per cent higher.

The latest increase pushed living costs 9.6 per cent higher than a year earlier. Living costs rose 9.1 per cent in 1973.

The February increases brought the consumer price index up to 159.2 from 157.6 for January. The index is based on 1961 prices equalling 100.

Trade

A Statistics Canada report on Canadian trade during 1973 shows that a healthy jump in sales to countries other than the United States helped cut the trade and payments deficit to almost half the 1972 level.

A preliminary report of foreign trade and balance of payments showed a deficit of \$331 million for 1973 compared with \$623 million for 1972. Canada had sizeable trade surpluses for both years, but these were more than offset by deficits in the non-trade area, which includes such items as interest and dividend payments, tourist spending and freight costs.

A major portion of the jump in offshore sales – Japan and several European countries rank after the United States in foreign trading – came during the fourth quarter.

"There are indications that the largest relative increases in merchandise exports

occurred in the trade with Japan and with the United Kingdom, with moderate growth rates of exports to the United States and the European Economic Community – excluding the United Kingdom," the Statistics Canada report said.

The gain in offshore sales left the combined total of trade and payments almost in balance for the fourth quarter as the quarterly deficit was a modest \$15 million, not adjusted for seasonal variations. Foreign sales for 1973 were listed at a total of \$25.373 billion, of which \$17.202 billion were to the U.S. Imports were valued at \$23.258 billion and \$16.403 billion of the total came from the U.S.

The trade surplus was \$2.115 billion, up from a surplus of \$1.608 billion during 1972. The surplus in trade with the U.S. dropped to \$799 billion from \$1.235 billion while the surplus in trade with other countries went to \$1.316 billion from \$373 billion.

The balance of payments deficit during 1973 was \$2.446 billion compared with a \$2.231 billion deficit during 1972. The 1973 deficit resulted from a cash outflow of \$8.361 billion and an inflow of \$5.915 billion.

Housing

The final count of 268,529 housing starts in Canada in 1973 represented a gain of 81,615 over the previous record of 249,914 set in 1972 and established the third successive record of annual starts.

Housing completions also climbed to an unprecedented 246,581 in 1973 and, for the first time, dwellings under construction at the end of a year exceeded 200,000.

The 7.4 per cent increase in the volume of starts from 1972 reflected higher levels of activity in all provinces except Alberta and Manitoba, which experienced decreases of 6.8 and 4.5 per cent respectively.

Starts on single-detached houses last year climbed to 131,552, an increase of 14 per cent from the 1972 figure of 115,570 while starts on multiple units showed a gain of 2 per cent to 136,977 from 134,344.

Guaranteed income

The Canadian and Manitoba Governments in February launched a jointly-backed guaranteed income pilot project, described as the largest social experiment ever undertaken in Canada.

The Canadian Health Minister, Mr. Marc Lalonde, and his provincial counterpart, Mr. Saul Miller, told a news conference in Winnipeg that the \$17 million program is expected to have a major impact on future income-maintenance programs.

Up to 2,500 families are to be enrolled in the three-year program some time this summer. The federal Government will provide 75 per cent of the funds and Manitoba the remaining 25 per cent.

The experiment is aimed primarily at

determining the impact of income guarantees on the willingness of participants to work. The program provides for minimum-income guarantees from the Government but allows people to raise their total income level by working.

Three levels of guaranteed income and three "negative income tax" rates will be used in the project and the results measured against a control group of between 1,000 and 1,300 families.

The experiment is the first of its kind to be conducted in Canada.

There are three basic elements in the pilot project – a basic level of support guaranteed by Government, the negative income tax that has the effect of reducing other earned income, and a break-even point where Government support is withdrawn.

For instance, for a family of four there are guarantee levels available of \$3,800, \$4,600 and \$5,500 along with "reduction" rates of 35, 50 or 75 per cent.

A family with a guaranteed income of \$3,800 and a negative income tax rate of 50 per cent, if it earns no outside income, receives its basic Government guarantee of \$3,800.

If the family earns \$2,000 it retains these earnings but its support payments from Government are reduced by 50 per cent, or \$1,000.

The result is that the family retains \$2,000, receives Government support of \$2,800 and winds up with a total family income over the year of \$4,800.

Families involved in the experiment will not be subject to income tax, and any other Government support payments, such as family allowance payments, will be deducted from their minimum income guarantee.

Officials working with the program say these provisions are necessary in order to allow the government to assess the precise impact of the program free from external influences.

Employment

Employment rose in Canada again in February. Statistics Canada reported that employment grew by 25,000 to a total of 8,671,000 for the fifth consecutive monthly gain, and the total of unemployed edged down 2,000 to 635,000. The figures represented a gain of 388,000 jobs and a decline of 20,000 jobless workers over the last year.

Although Statistics Canada figured a 10,000 increase in the unemployment total on a seasonally adjusted basis because it usually drops more in February, it wasn't enough to change the adjusted jobless rate of 5.5 per cent of the labor force. This compared with 5.9 per cent a year earlier.

The Government had previously said that last year's gain in total employment was the largest on record. The reason it hasn't made a greater dent in the unemployment total is that the labor force has increased almost as much as the number of new jobs over the year.