

although at less than usual rates. For the year as a whole, employment increased by about 2 per cent or 200,000 jobs to reach a level of 9.3 million. Over the longer run since 1972, the number of people employed in Canada has risen by nearly one million, a performance unmatched by any of Canada's major trading partners.

Despite a weaker demand for new workers there has been a continuing large movement into the labour force which grew about 3.7 per cent in 1975. This has led to a marked rise in the number of unemployed. Unemployment as a percentage of the labour force increased to over 7 per cent of the labour force in 1975 from 5.5 per cent in 1974. In addition to the unfavourable impact of the business slowdown, the labour market again has been troubled by serious work stoppages although man days lost may not be as high as the record level reached in 1974.

Major domestic demand influences

The strength of domestic demand was a major factor in sustaining Canadian economic activity in real terms in 1975. An increase in consumer expenditures in real terms of about 3 per cent was the principal factor in sustaining over-all production in the economy.

Canadians on the whole have maintained a high rate of spending, in spite of the impact of a general business slowdown and the continuing upward trend in prices of most consumer goods. Nonetheless, in late 1974 and early 1975 there was a definite falling off in postponable purchases, particularly of major durable items such as household appliances and recreational equipment. On the other hand, sales of new cars continued to show remarkable vigour, and after a slight slowdown in the first half ended the year on a strong note. For the year as a whole, consumer expenditures on both durable and semi-durable goods are expected to be up strongly in real terms. There has been a continuing, albeit more modest, advance in real consumption of non-durable consumer goods and services.

Purchases of new homes have been restrained by economic uncertainties and by the current high prices and high mortgage interest rates. Housing starts had declined in 1974 and reached a low point in March of 1975. Since then, a recovery has been under way and for



Industry, Trade and Commerce Minister Don Jamieson.

the whole of 1975 housing starts are now expected to approach 1974 levels.

Business capital spending has shown an exceptional firmness, considering the economic slowdown both at home and abroad. Notwithstanding the recession, there was further growth in outlays for new plant and equipment in real terms. An important element in the strong investment picture in 1975 was the substantial investment in Canada's energy resources but, as well, a high rate of capital spending has continued in manufacturing and commercial service sectors.

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Foreign trade, 1975

Canada's weaker export performance in 1975 was a clear response to the business downturns in the major world economies. The value of Canada's merchandise exports grew very little in dollar terms. In real terms, in fact, our exports declined for the second year in succession.

Exports to the United States market increased only marginally in value, and dipped moderately in volume. The lack of growth in this, by far the most important market for Canada's products, paralleled sluggish demand in the American economy for much of the year. But in addition, exports were slowed by the loss of some business through work stoppages affecting in particular the forest-product industries.

Canada's overseas sales increased in value somewhat more than those to the United States. The major increase

in our overseas sales occurred in the Middle East, Eastern Europe, Africa and Central America and the Antilles (primarily Cuba). Canada's exports to Britain, Japan and Latin America declined in both value and volume terms. Canada's exports to the European Economic Community (original six) rose in value terms but declined somewhat in volume.

The value of our exports of several major commodities increased in 1975, by large amounts in some cases. Examples of gains were iron ore, nickel, coal, natural gas, barley, newsprint, automotive goods and machinery, both farm and non-farm. On the other hand, a number of important exports declined from levels of the preceding year, including lumber, copper, aluminum and crude petroleum.

The value of merchandise imports into Canada increased about 10 per cent last year, well below the 36 per cent rise in 1974. After surging ahead to a record high in 1974, imports have levelled out, and, in volume terms, have been running below a year earlier over most of the past year. A slowing of imports was of course to be anticipated with the easing of demands in the domestic economy. Among a few major imports to continue rising, crude petroleum has increased further its already large share in the over-all total of imports. After nearly tripling in value in 1974, crude oil imports have risen by more than a third in 1975.

The still strong growth in value of imports, coupled with the considerable slackening of exports brought a sharp decline in Canada's commodity trade balance from a surplus of \$1.5 billion in 1974 to a deficit of about \$1.5 billion for 1975 on a balance-of-payments basis. Meanwhile, the deficit in non-merchandise transactions has grown, largely because of an increase in the deficit in the international travel account and higher net payments abroad of interest and dividends. Canada's over-all current-account balance consequently has become distinctly less favourable, showing a deficit of around \$5 billion in the latest year, up from a deficit of approximately \$1.6 billion in 1974.

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The demand for new cars has been remarkably strong, and the output of