

Mar. 14. The US prime rate rose to 18.25%; home mortgage rates rose to 17%. The Saskatchewan government planned to balance its budget for the first time in four years; the budget called for a surplus of \$1 million above expenditure of about \$2.0 billion; revenues were expected to rise by 11.7% while spending was expected to increase by 8.7% and \$80.4 million was to be transferred out of the Saskatchewan heritage fund; a new corporate capital tax would be applied April 1 to all corporations with capital of more than \$10 million; an increase in taxes on tobacco products was introduced; there were increases in the tax credits for children and senior citizens.

Mar. 18. Following an increase in the bank rate the previous week, all chartered banks in Canada raised their prime rate to 15.75% from 15%; mortgage rates also rose by one-quarter to three-quarters of a point, depending on the term to maturity. Alberta earmarked about \$500 million from the heritage trust fund to finance 10,000 new housing units, Housing Minister Thomas W. Chambers announced; the move was a continuation of provincial stimulus for housing and the economy in general, evident in most provincial spending plans for the year. The Bank of Japan followed the latest increase in the US by raising its discount rate from 7.25% to 9%, and raised reserve requirements to reduce monetary growth. The Japanese government cut public spending and released stockpiles of commodities as part of an anti-inflation program; a US\$5 billion line of credit was arranged with the United States, the Federal Republic of Germany and Switzerland to support the Japanese yen which had fallen 14% against the US dollar in the previous six months. The US prime rate rose to 19%; most analysts felt the prime would pass 20% before peaking.

Mar. 22. Canada Permanent Mortgage Corp. joined the National Trust Co. in ceasing new mortgage loans "until things settle down" but renewals of mortgages would continue; the move by Canada Permanent was in part a result of a forecast by the firm of an outburst of hyper-inflation in the mid-1980s.

Mar. 24. The St. Lawrence Seaway opened for traffic, the earliest opening day in its 21-year history as a result of the mild winter. The National Energy Board approved an application by TransCanada Pipelines Ltd. to begin work immediately on the first leg of an extension of the natural gas pipeline to eastern Quebec and the Maritimes.

Mar. 25. The New Brunswick budget called for no major tax changes and record capital spending, to help support the provincial economy in what was expected to be a difficult year. The Quebec budget included income tax cuts of 3% across the board, effective in July, partial indexing of personal exemptions, indexing of taxes on tobacco and fuel products, and higher corporate income taxes; the changes would result in a \$700 million increase in the provincial deficit.

Mar. 27. Canada's major chartered banks raised their prime lending rates to 16.5% from 15.75%

following a similar increase in the bank rate; mortgage rates rose to 16.75% on five-year terms.

Mar. 31. General Motors of Canada Ltd. raised its wholesale price for cars by 2.8% in Canada and by 2.2% for export to the US.

April 1980

Apr. 2. The Alberta budget called for no new taxes, a 31% increase in capital spending, and a nearly \$1.8 billion surplus; the \$6.4 billion heritage trust fund was projected to grow by another \$2.3 billion in fiscal 1980-81. The Nova Scotia budget was also mildly stimulative: taxes were left essentially unchanged, and major loan and subsidy programs were announced for electricity consumers and the farming, fishing, and mining industries. The US prime lending rate reached 20%.

Apr. 10. After rising sharply for two months, the prime rate was lowered by several US banks from 20% to 19.5%.

Apr. 17. Citing declining demand for loans and lower costs of raising funds, the Chase Manhattan Bank lowered its prime rate to 19.5%. The Canadian prime lending rate fell to 17.25%, the first decline in three years.

Apr. 21. Finance Minister Allan MacEachen, in a statement to the House of Commons, called for a substantial increase in the federal budgetary deficit to \$14.2 billion, as a result of escalating interest rates, pension benefits and subsidies for imported oil; the minister retained the higher taxes on liquor and tobacco and the 5% surcharge on corporate profits introduced by the Conservative government in December.

Apr. 22. The Ontario budget included no new tax increases, but some aid for pensioners and small businesses and major increases in grants to municipalities; the budget forecast 0.3% real growth in Ontario in 1980. Chase Manhattan Bank reduced its prime rate to 19%.

May 1980

May 1. General Motors Corp. offered \$500 rebates on sales of 1979 and 1980 trucks in the United States, the rebates to expire on June 16. Swedish industry slowed to a virtual halt as a general strike and lockouts idled about one million workers in a dispute that revolved around wages, with workers demanding an 11% pay increase and employers offering 2%; this strike which ended May 11 was considerably more important than the day of protest held by trade unions in Britain and France in May.

May 6. Morgan Guaranty Trust Co. of New York lowered its prime rate a full point to 17.5%.

May 9. The Bank of Canada bank rate dropped to 14.17% in response to sharply falling money market yields; chartered banks had cut their prime lending rates to 15.75%. The Toronto-Dominion Bank and Bank of Montreal reduced their primes to 15.5%. Ford Motor Co. offered US customers rebates of \$100 to \$500 on its entire line; in Canada, the