

*Supply—Finance*

Let us look for a moment at the sad economic picture which faces us. I have an item here which I took from the *New York Times*. The article was published the day after the Minister of Finance told us he was in New York, January 21, talking to the secretary of the treasury. The *New York Times* of that day carried this headline in large print, "Canada Concerned As Economic Surge Loses Momentum." I should like to quote one small part of the article:

In 1967, as Canada celebrated her centennial and Expo's turnstiles whizzed faster than anyone had dared hope, the upward economic sweep of the decade lost most of its momentum. The country's output of goods and services grew, but only by a sluggish 2.5 per cent.

The average rate of growth in the last 20 years, taking the period 1946 to 1966, was 5 per cent. It has dropped to 2.5 per cent. The seasonally adjusted unemployment rate in 1963 was 3.6 per cent and in 1967 it was 4 per cent. In January, 1968, the flat rate unemployment figure was 6.1 per cent; yet the rise in productivity in 1967 was just about 2 per cent. In spite of this, the average wage settlement was up by 8 per cent.

These are the things that I contend are causing inflation and the difficulties which many are suffering today. The Economic Council of Canada says that a healthy growth rate for Canadians to maintain an adequate level of expansion and employment would be about 5 per cent. We have not been attaining that level for the last 18 months. The minister's plan, as of November 30, was to begin this year with a 5 per cent increase in taxes which he called a surcharge. Of course, this tax bill was defeated. Unemployment, according to all the statistics, is a bit higher this year and could go to 7 per cent or even higher.

• (5:40 p.m.)

While unemployment in Canada is going up, it is going down in the United States. In January, 1968, 3.5 per cent of the labour force was unemployed in the United States, which is the lowest since 1953. There was a drop in unemployment for three consecutive months, November and December of 1967 and January of 1968, while at the same time unemployment in Canada increased. Therefore we cannot contend that unemployment is an international problem. Some economic problems are international, yes, but unemployment is one problem that is more acute in Canada than it is in our neighbour to the south and is a problem to which we must give very serious attention at the present time.

[Mr. Irvine.]

On the other hand, the cost of borrowing money in Canada has gone sky high. The hon. member for Red Deer mentioned that the interest rate for N.H.A. loans at the present time is something like 8.58 per cent. There is a good possibility that on April 1 when these rates are adjusted the interest rate will be 8½ or perhaps 9 per cent. This would place a great burden on those in the lower income groups particularly. Other mortgages, of course, now carry interest rates of 9, 10 or 11 per cent. Higher carrying charges and soaring house prices prevent thousands of people from owning their own homes.

In 1950 the average price of a small three bedroom home was \$14,500. The rate of interest at that time was 5½ per cent. The average payment on those homes was \$90 a month. In 1968 the price of a similar home averages \$21,500 with an interest rate, so far, of 8.58 per cent and a monthly payment of \$180 a month.

I contend that a man in the \$4,500 to \$8,000 a year income group has no hope of a home of his own. Such a thing is an utter impossibility, and something should be done to assist those in this wage bracket. There was a time when we used to feel that allowing a man to purchase his own home was giving him an opportunity to become a better Canadian and to have a stake in his community. It was a place where his children might play in the backyard. However, this avenue has now been closed. I suggest we must give this problem serious consideration in the immediate future.

There are many articles in the newspapers suggesting that the Canadian dollar is turning soft, that it is subject to considerable pressure as a result of sagging wheat exports, the end of Expo '67, the tariff cuts I mentioned a few moments ago, the devaluation of sterling, lagging productivity and rising labour costs. On February 14, I believe, the hon. member for Regina City asked when the Minister of Finance was going to bring in a new budget. The minister replied at that time, in effect, that he would not be introducing a new budget before the impending leadership convention. I am wondering whether he has had a change of heart, because this might mean that a new budget could not be presented until the end of April. There is also the prospect, as the minister said today, that tomorrow a further increase in taxes will be put forward.

It may be that the government and the Minister of Finance in co-operation with the government are not anxious to saddle a new