

Economic Growth and Employment Situation

mote significantly more business growth than in 1970. There will be a substantial increase in capital plant and equipment outlays. This is the announced intention of Canadian industry, led by steel, a key indicator.

Interest rates, both short and long term, have fallen to acceptable levels. The 10 per cent figure was unquestionably something of a psychological barrier to many users of capital, particularly long term users. There will be a substantial increase in construction, led by housing and pipelines, as lower interest rates combine with personal savings to stimulate the non-public area and as massive government assistance in the low cost housing area continues. There will be some increase in pipeline construction as pipeline systems rush to supplement already over-taxed capacity.

There will be another substantial increase in exports following upon last year's record. Gas and oil exports will be among the pace setters and prices for these exports will be up. Prospects for grain sales reversed themselves during 1970, as the world grain inventory shifted from surplus to shortage. Nickel and coal are other certain leaders. The defeat of the protectionist revival in the U.S., as the misnamed trade expansion act of 1970 died with the last congress, should give exporters a boost in confidence. We have to watch the European economic community carefully, particularly as the U.K. negotiates its admission, but protectionism has had a setback which we can hope signals a change in trend.

An improvement in the mix of our markets is also a positive sign. The U.S. is still our largest market by an overwhelming margin. In 1970, it took 65 per cent of all Canada's exports, but that was down from 71 per cent in 1969. At the same time exports to the U.K. increased by a third, to Japan by a quarter and to the European economic community by 40 per cent in 1970 over 1969. These are very healthy trends. It should be remembered also that the U.S. figure is made up in part by the results of the continental free trade agreement on automobiles and parts. None the less, the U.S. is and will continue for the foreseeable future to be our largest customer by a wide margin. We can rejoice in the fact that geography has placed us next door to the world's largest market and equidistant between the next two largest, western Europe and Japan.

Rapid growth in the labour intensive Canadian-owned service industries will continue. They now account for some 35 per cent of our gross national product and, within 20 years, two thirds of our output will flow from those industries, a fact ignored by economic nationalists in their preoccupation with goods. Canada's is, in fact, a service oriented economy. Public spending by all levels of government will be a positive, expansionary factor in the economy. Federal expenditures are expected to run at 7.5 per cent in fiscal 1971-72 over those in the current year. Provincial budgets all indicate increased outlays. Finally, our price performance will continue to be most favourable when compared with our principal competitors. Canada's relative success in bringing its price inflation under control has been impressive. This is acknowledged by all objective observers, including the OECD and the International Monetary Fund.

[Mr. Mahoney.]

The Canadian economy is sound. Our dollar is strong, some would say too strong, but that is perhaps more a commentary on the relative strength of other currencies than our own. In spite of the gloom and doom from some quarters, in spite of the very real personal tragedy of our unemployed, Canadians are confident of that soundness and strength. Their confidence is reflected in a buoyant stock market, in plans for capital expenditures, and in all the other personal and business decisions that Canadians are making today.

In closing, I would like to quote briefly from the lead paragraph of an article that appeared in the February 13, 1971, issue of *Business Week*:

—Canada is sitting pretty, Ottawa's successful anti-inflation policies and an export boom staved off a U.S. style recession last year and put the Canadian economy in position to take off in 1971.

Canadians are well aware of a very significant difference in the outlook of those whose function is to talk about the economy, mainly journalists and opposition politicians, and those whose function is to do something about it, the business community and government. That difference has been clear throughout the ongoing economic debate. Canadians are firmly on the side of the doers.

Mr. A. P. Gleave (Saskatoon-Biggar): Mr. Speaker, the main point at issue is whether we have a viable economy in this country which is able to effectively use the resources and the people who produce the goods. We need an environment and social structure which will be acceptable, not one which is subject to the very severe dislocations which have occurred in this country during the past two or three years. These dislocations are becoming worse. Instead of facing a situation of unemployment and economic dislocation, which might be regarded as temporary, we are facing circumstances which have lasted so long that they are becoming chronic to the point at which we are accepting a continuation of unemployment and discussions centred on the number of people who are unemployed, the percentage level of unemployment and the fraction by which it may decrease or increase. These fractions are not really relevant to the mass of the Canadian people or to the students who are mentioned specifically in the motion before us.

• (2:50 p.m.)

A student from Saskatchewan wrote to me the other day after applying to the regional office of the Public Service Commission in Alberta asking for a job. The officials wrote to him that it was useless for him to apply in Alberta for a job because, under the arrangements which had been made, Alberta was the headquarters for the Yukon and the Northwest Territories and there would be no jobs for people from other localities until the people from Alberta had been looked after. I should like to read a few lines from the letter which was written to me on this subject.

In recruiting students for summer employment, positions in a particular locality are filled by students from within that locality, with the exception of positions in the National Capital Region in which case applicants from any region are considered.