

The Address—Mr. Chrétien

the hon. member speaking for one minute and three quarters or so.

[*English*]

Mr. Cecil Smith (Churchill): Mr. Speaker, it was not my intention to speak before six o'clock but the events of today have brought drastic consequences to the nickel mining industry of Canada. International Nickel has announced that effective January, 1978, in Sudbury and that area, 2,800 people will be laid off, and at Thompson, Manitoba, in my constituency, 650 people will be laid off before the middle of 1978.

I think this is only the beginning of what is going to take place in the mining industry. In the budget the government made no reference to stimulating the mining industry and I should like to ask that the Minister of Industry, Trade and Commerce (Mr. Horner), the Minister of Finance (Mr. Chrétien), and the Minister of Energy, Mines and Resources (Mr. Gillespie) immediately convene a meeting with the mining industry of Canada to see if we cannot keep the mining industry in business until such time as they at least have an opportunity to look at the projected layoffs.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Ethier): It being six o'clock I do now leave the chair until eight o'clock p.m.

At six o'clock the House took recess.

● (2001)

AFTER RECESS

The House resumed at 8 p.m.

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, let me first express my warmest congratulations to the mover and seconder of the Address in Reply to the Speech from the Throne, the hon. members for Louis-Hébert (Mr. Dawson) and Malpeque (Mr. Wood). They performed their task with the excellence that is traditional in the Canadian Parliament.

This is my first speech to the House of Commons as Minister of Finance. I would like to thank members from all sides of the chamber for their good wishes on my appointment. I know they join me in extending my best wishes to my predecessor, the hon. member for Rosedale (Mr. Macdonald). He has set an example to all of us in his sense of duty and his service to this country.

I have been fortunate in being able to attend two major international economic conferences and to discuss the problems of the world economy with finance ministers from many other countries. We all face difficult problems at this time. I was also glad to meet with my provincial colleagues recently. We had a good, frank discussion and I thank them for their advice.

[Mr. Pinard.]

I want to use this occasion to speak on the economy, on controls and on taxes. This is the first possible opportunity to inform the House of my decisions and to get rid of uncertainty. I also want to give the House the opportunity to pass the incentive measures of the last budget and any additional measures that I will be proposing tonight as quickly as possible.

[*English*]

Let me report on the economic situation as I find it.

We have made some progress in bringing down the rate of inflation. Wage increases have slowed down. Increases in non-food prices have been reduced steadily since the start of the controls program. But there have been some setbacks this year because of higher food prices and a weaker Canadian dollar. We have a long way yet to go.

Output has not risen in the last few months as we had hoped. Even if we do much better in the second half of this year, total output in 1977 is only going to be about 2 per cent higher than it was in 1976. Independent forecasters are calling for gains of only 4 to 5 per cent next year. That is not enough to bring down the rate of unemployment.

More people are at work in Canada. Indeed we have already just about achieved the goal set in the last budget of 250,000 more jobs. But the numbers of Canadians wanting to work has increased even faster. Unemployment has risen to 8.3 per cent for Canada as a whole.

We must find more jobs. I will not be satisfied until everyone who really wants to work can find a job. But I cannot promise any miracle solutions. It will take time and effort to overcome our unemployment problems. No one should think that there are any easy answers.

Our balance of payments situation is unsatisfactory. It is true that our exports have risen as a result of the recovery in the United States and elsewhere. This is giving rise to a trade surplus of over \$2 billion this year. But we need an even larger surplus. We have had a large increase in our tourist deficit. Furthermore, the deficits on interest and dividends and other services are large and growing. These facts have made the Canadian dollar vulnerable, and it has declined in value.

Finally, the revenues of the federal government are growing more slowly than expected. As a result, our cash deficits are now so large that room for manoeuvre is very limited.

These are the facts we have to face. They stand in sharp contrast to the potential for growth in this country. We have the resources, the land, the skills and the tradition of hard work. We have grown faster than most other countries in the past and there is no fundamental reason why we should not do so in the future.

I do not want a temporary surge which cannot last and which will start the process of inflation all over again. But I do want sustained growth of between 5 and 6 per cent in order to bring unemployment steadily down. The expansion should be led by exports and business investment. We need to improve our trade balance even further and to reduce our tourist deficit in order to put our balance of payments into better shape. The