

*The Canadian Economy***MOTION TO ADJOURN UNDER S.O. 26****THE CANADIAN ECONOMY****MEASURES TO INCREASE EMPLOYMENT AND PRODUCTIVITY**

Mr. Speaker: Order. Pursuant to special order made earlier this day, the Minister of Finance (Mr. Benson), seconded by the President of the Privy Council (Mr. MacEachen), moves:

That this House do now adjourn.

Hon. E. J. Benson (Minister of Finance): Mr. Speaker, I should like to announce certain measures to deal with the current problems facing the Canadian economy and to sustain and reinforce the growth of production and employment now taking place. In terms of production, employment and prices, the Canadian economy is on the course I envisaged at the time of my June budget, before the United States economic measures of last August were announced. The disappointing news concerns unemployment; it is very disappointing. I told this House that I had expected unemployment to fall in the second half of this year, and the hard fact is that the September figure is three-tenths of a point higher than it was a year ago. I do not wish to minimize in any way the seriousness of this fact.

Output is advancing strongly. It grew at an annual rate of 2.3 per cent in the first half of 1970, 3.5 per cent in the second half, and then accelerated to 6.2 per cent in the first half of this year. In the second quarter output was rising at a rate of 8.5 per cent per annum. The strong increase in the August index of industrial production confirms that this pace is being maintained. This, then is the recent record of real production, quite apart from any changes in value attributable to price developments.

Domestic demand has been growing with output. Consumer spending is coming on strongly and, if anything, rather earlier than we had expected. Its pick-up in the second quarter was very pronounced and was distributed widely over the whole range of goods and services.

Capital investment in machinery and plant was up quite vigorously in the second quarter after having fallen in the first. The action here was considerably more than I had counted on for this period.

In housing we are having the best year ever. The September starts were at an annual rate of about 260,000. This figure compares with starts of 191,000 in 1970. Thus, we are well on our way to a level of housing construction this year at least one-fifth higher than we achieved last year.

Employment has been increasing about as forecast. There are some 200,000 more jobs in the economy now than a year ago. Except for the welcome surge in productivity which always takes place at this stage of an expansion, the number of new jobs would be even higher.

The cost of living figure published yesterday shows a decline for the month of September; the index is some 3.5 per cent above the figure for last September. Wholesale prices, according to figures released yesterday, were also down in September and now stand 2.5 per cent above their value a year ago. While we should like to see an even

[Mr. Speaker.]

better price performance, these results and especially the very recent trends are encouraging. In this respect we are still well in the forefront among the industrial nations.

Our unemployment rate does not derive from a failure of employment to grow. The growth of employment has largely matched the growth of an increasingly productive economy, as I have said. We observe in the September figures for the first time some effect of the United States measures on the Canadian economy—

Some hon. Members: Oh, oh!

Mr. Nielsen: Be honest.

Mr. Benson: —but the overwhelming fact behind the increases in the unemployment figure is the increased proportion of Canadians of working age who have jobs or who respond in the sample survey as being without a job and looking for work. This proportion, described technically as the labour force participation rate, was higher in the third quarter than ever before in the history of the labour force survey. To my knowledge, no one in government, in business or in the universities predicted such a phenomenon.

No doubt the explanation is complex. Those who are recorded as unemployed include men and women who have lost their regular employment, teenagers of age 14 or older who have decided not to return to school, college students who, for the time being at least, have dropped their courses, women who have decided to seek work, a large number who are seeking part-time work, some who are drawing unemployment insurance and some who are not, and some who are drawing welfare benefits and some who are not. I shall not try to explain the composition of this unemployed group, many of whom are having a very difficult time. Members of this House may be assured that the government is making every effort to obtain full knowledge of the many facets of unemployment in Canada. My purpose this evening is not that: it is to deal with the problem in practical terms.

In the weeks since mid-August I have been aware of a growing feeling of concern in the economy deriving from the unsettled state of the international trade and payments system and from the uncertainty concerning the duration of the United States economic measures and the extent of their impact upon the Canadian economy. This worry threatens to weaken our economic expansion. The government has contributed and will contribute in every way that it can to restoring international stability.

I would like now to propose to the House measures to reinforce the economic expansion and to provide jobs for Canadians who want to work but who have no work to do.

Some hon. Members: Hear, hear!

Mr. Benson: I wish to propose, first, a series of expenditure measures to relieve the problem of unemployment in the coming winter and in the months thereafter. By means of this program we will join forces with industry, provincial governments, municipalities and active private groups to create jobs, improve the skills of our work force and encourage economic growth. The program has five parts designed to engage workers quickly, efficiently, usefully and in the regions where jobs are most needed. It will benefit all unemployed groups and it will have long-