

*The Budget—Mr. Gordon*

investment by providing special financial incentives in the private sector of the economy.

In addition to these long term and intermediate term measures, I should refer to the various proposals the government is making for providing more jobs this coming winter.

We have advanced a proposal to increase the percentage of winter works assistance in designated areas. This measure is also designed to reduce unemployment by promoting investment in social capital, and to do it in areas where and at times when unemployment is most severe.

Earlier this week my colleague the Minister of Labour announced that he would propose a program designed to reduce winter unemployment by encouraging house construction in the months when activity in the construction industry reaches its seasonal low. This program will apply to rural as well as to urban housing.

The minister also announced that he would propose the expansion of the existing program for retraining the unemployed in cooperation with the provinces. And he announced that a new program would be proposed to encourage basic training, increased apprenticeship training, and the retraining of those presently employed but whose jobs are threatened by industrial change.

There is one aspect of the unemployment problem that is of particular concern to the government. That is the persistent difficulties encountered by older workers in securing steady employment after they have been out of work for some time. An improvement in general employment levels and the correction of regional unemployment problems do not seem to be enough to overcome these difficulties. Something more is needed to look after the problem of this hard core of our unemployed.

The house will therefore be asked to provide by way of supplementary estimate for the payment of a special allowance to all employers, other than governments or municipalities, who increase the number of their employees this winter in a specified manner over a base level. The allowance will be paid on employment of workers aged 45 or older who have been out of work for six of the previous nine months and who are not in current receipt of unemployment insurance benefits or pensions. The allowance will be conditional on the employer providing the worker with a significant amount of approved training. It will be paid at the rate of 50 per cent of wages or \$75 a month, whichever is less, for each month of employment and will continue for up to 12 months. It is

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proposed that this program apply to workers hired between November 1 this year and January 31 next year.

Hon. members are only too well aware of the costs to this country of allowing people to remain unemployed, particularly for extended periods. These costs include substantial welfare payments. They also include far more important costs in terms of production forgone in our economy and in terms of misery and frustration for the individual concerned.

The proposal I have just advanced to deal with prolonged hard core unemployment is a novel one, and it is not without difficulties and risks. It will require careful administration, and adequate safeguards against its abuse will be provided. It is directed specifically to assist that group of men and women in our society most in need of a chance to earn a living for themselves and their families. These people deserve their chance.

While our major domestic problem in Canada today is unemployment, we must not overlook the problems which accompany it. The most serious of these is the continuing deficit in our current balance of international payments. The budgetary deficits of the federal government are also a matter of concern.

In dealing with our balance of payments, let me summarize first our current international transactions for the past ten years.

During that period our imports of goods, including both capital goods and consumer goods, were \$2 billion more than our exports of goods in the period. In the case of travel we spent \$1.4 billion more abroad than visitors spent here. Steeply rising capital imports in the form of foreign direct and indirect investment led to interest and dividend payments abroad that were \$4.2 billion greater than our receipts of this type. Other transactions further increased our deficit by \$2.5 billion.

The result in the aggregate was that our sales of goods and services abroad and our foreign investment income were \$10 billion less than our purchases and payments.

The implications of this deficit have been a matter of grave concern in Canada. They have been extensively discussed in the press, by economists, by businessmen and by the general public. There is a clearly recognized danger that if deficits continue at this rate, they will lead to a growing measure of control of our economy passing abroad. There is a danger that in allowing these deficits to continue we are sacrificing our birthright, the birthright which our forefathers laboured so hard to hand on to us.

An analysis of the problem shows clearly that if we are to overcome it we must centre