

*Oral Questions***THE CANADIAN ECONOMY****GOVERNMENT ACTION TO INCREASE EMPLOYMENT**

Hon. John N. Turner (Minister of Finance): Mr. Speaker, as I said yesterday, because of the depth of the recession in the United States and its effect on our exports, the projections both for corporate revenue and for unemployment have been shaded down, so that the cash deficit of \$3 billion predicted in the budget of November 18 will now be exceeded. I cannot give the hon. gentleman a fixed figure for unemployment. As I have told him and other members of the House, there are too many variables at play in the figure. In terms of new employment, at an appropriate time we will see the effect of the stabilization measures in the United States and how the stimulus injected into our country is taking effect. I will then be able to give a more precise answer to the House.

Mr. Stanfield: A supplementary question, Mr. Speaker. The minister has used a good many words, but he has not denied that he said on Monday there will be a substantial increase in the pay-out for unemployment insurance in the next fiscal year. This means that the employment situation which he now foresees is substantially worse than he foresaw when he presented his budget. I am asking the minister whether he is just accepting this worsening of the employment situation and is taking the position that there is nothing he can do at the present time to offset this projected drop in business and increase in unemployment.

Mr. Turner (Ottawa-Carleton): Mr. Speaker, that is not the conclusion I would draw from what I said. I do not attribute the increase in cash deficit, in numerical terms, either to a falling off of corporate revenues or to increased unemployment insurance pay-outs. I do not place emphasis on one or the other. In anticipation of declining United States, European and Japanese economies we introduced a stimulus into our economy on November 18. Lower payroll deductions beginning January 1 reflected reductions in the 1974 and 1975 income tax rates. Until we see how the American policy evolves and the effect of final measures enacted by the United States Congress, I think it would be premature to add stimulus at this stage.

● (1430)

Mr. Stanfield: A final supplementary question, Mr. Speaker. Is the minister attempting to deny that he said on Monday there would be substantially increased pay-outs for unemployment insurance in the next fiscal year? I heard him and it is on the record—although he was using a different argument from the one he used today. I ask the minister, now that he is on record as admitting that the employment situation will be significantly worse than the situation he foresaw at the time of the budget, and as he has admitted that economic conditions now are substantially different from those he foresaw at the time of the budget, is the budget now inappropriate to that extent, or will the Canadian people be simply stuck with it because the minister does not know what to do with it?

Mr. Turner (Ottawa-Carleton): Mr. Speaker, the answer to that is no.

Mr. John A. Fraser (Vancouver South): Mr. Speaker, may I direct a question to the Minister of Finance? Since the government's effort in 1970 to arrive at a voluntary program of restraint was hopelessly one-sided to the extent that it asked workers to restrain their wage demands while leaving the government free to literally take away thousands of jobs as a result of government policy, does the consensus the government is seeking involve a government commitment on employment growth and, if so, when will the details of that commitment be made public?

Hon. John N. Turner (Minister of Finance): Mr. Speaker, when the consensus evolves I will declare it to the House.

Mr. Fraser: A supplementary question, Mr. Speaker. Can the Minister of Finance advise the House whether labour representatives were given the government's own predictions as to the extent of expected unemployment during the coming year—it would be incredible if the government had no projections—and, if so, what were the government's projections several weeks ago when the meetings took place? Also, what is the government's present projection, in view of the figures released yesterday? I think the people are entitled to an answer from the Minister of Finance.

Mr. Turner (Ottawa-Carleton): Mr. Speaker, I have never predicted unemployment figures, interest rates or exchange rates in this House, for reasons I have given on several occasions. As to the conversations with leaders of the labour movement—

Mr. Stanfield: Of course, they were privileged.

Mr. Turner (Ottawa-Carleton):—they were privileged and confidential, on both sides.

Mr. Fraser: A final supplementary question, Mr. Speaker. Is the Minister of Finance telling this House that the government has no estimates of what unemployment may be during this coming year: is that what the minister is saying?

Mr. Turner (Ottawa-Carleton): No, sir.

REQUEST FOR GOVERNMENT PROGRAM TO SOLVE PROBLEMS IN AUTOMOTIVE INDUSTRY

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Finance. Considering that the problems of the automotive industry are now worldwide, and considering that other national governments, specifically those of France, Great Britain and the United States, have recognized how important the automotive sector is to their national economies, does the Government of Canada plan to bring forward in the near future a national program which will deal with the severe problems our national automotive industry faces?