

Vol. 26, No. 5

February 3, 1971

IMPROVEMENT FORECAST IN PRODUCTION, EMPLOYMENT AND INCOME

During a debate on the budget on January 19, the Minister of Finance, Mr. E.J. Benson, spoke on the state of the economy and the present level of unemployment in Canada.

Excerpts from his statement follow:

...In discussing our economy, it is essential to keep our primary objective as a nation foremost in mind. As I pointed out in my budget address, that objective is a steady and sustainable improvement in the real income of Canadians everywhere. This, in turn, requires the fullest possible utilization of the nation's human and material resources. Because of the serious strains imposed on the economy in the past by the long upward surge of costs and prices at home and abroad, the utilization of both our human and material resources at present is below the level any of us would consider desirable. As I have emphasized on a number of occasions, the Government is deeply concerned about the current levels of unemployment existing in this country and the hardship this entails. But I am firmly convinced that, as a result of the strong fiscal and monetary stimulus

progressively injected into the economy during the course of the past ten months, the stage has been set for a substantial improvement in production, employment and real incomes.

In the budget which I presented to the House last month, I pointed out that a development of prime importance was that employment appeared to be rising in Canada and unemployment to be falling when seasonal factors were taken into account. In September of last year, unemployment on a seasonally-adjusted basis reached a peak of 6.9 per cent. It declined to 6.6 per cent in October and 6.5 per cent in November. The figures for December, published only last week, show that adjusted unemployment during that month amounted to 6.6 per cent, which was also below the September peak for the third month in a row.

EFFECT OF GM STRIKE

It is important to remember that this decline in unemployment was maintained during the balance of 1970 despite the fact that a substantial number of workers were jobless as a result of the impact on associated industries of the General Motors strike in Canada throughout the whole three-month period. Had that strike not been in effect or had it been settled sooner, unemployment would have been significantly less than that actually recorded. I might observe, in passing, that the General Motors strike south of the border, which also caused extensive unemployment in industries supplying the automotive company, had been settled by the time the labour force survey was taken last month. Nevertheless, unemployment in the United States rose from 5.8 per cent in November to 6 per cent in December, also on a seasonally-adjusted basis....

...The actual number of people without work always increases sharply in Canada during the winter months even in the best of times, as I pointed out in

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