

Supply—Finance

remedial measures, the sooner we shall see an improvement.

The Minister of Finance reviewed the state of the economy, and I thought it was appropriate for him to do so. But we must examine that review in the light of the objectives this government had formerly set for itself. We must remember that five years ago this government committed itself to continued economic growth and full employment; this government three years ago announced publicly, in the speech from the throne, that it was declaring war on poverty. Members of this government have talked inside and outside the house about our regaining control of the Canadian economy. The President of the Privy Council just before the last election blanketed this country with an article on buying Canada back. The Prime Minister summed up by saying of the government's program "This is a time to excite the daring and to test the strong."

• (3:10 p.m.)

In the light of these objectives I think we ought to examine the state of the Canadian economy. I want to look at some of the indicators by which it is customary to measure the health of the economy. The first and most important of these is, of course, the rate of economic growth. The Economic Council of Canada states in its first report that we need an annual increase in our productivity of some 5½ per cent in constant dollars if we are to keep unemployment at 3 per cent and provide jobs for those entering the labour force. We are not doing this at the present time.

I notice that the minister said yesterday, as reported at page 7334 of *Hansard*:

We are still experiencing the upward thrust in our economy which began seven years ago and which has continued without serious interruption to the present.

I would certainly question this upward thrust in the economy. If we look at the year 1967 what do we find? We find that in constant dollars the increase in our gross national product for the first nine months was 2 per cent. Figures for the last three months are not yet available, but, bearing in mind the increasing unemployment it is very unlikely that there was any improvement in the last quarter of 1967. If we consider our productivity for the first nine months of 1967 on a per capita basis we find that in terms of real dollars it amounted to some \$2,370 as compared with \$2,368 in the previous year. In other words, on a per capita basis there was

virtually no increase in productivity in the first nine months of 1967 compared with the same period in 1966. Moreover, we find that in the third quarter of last year there was actually a decline in the rate of economic growth.

As I pointed out the other day, one of the segments of the economy in which an upward thrust is not apparent is agriculture, where the income of farm operators fell 19 per cent below the level of 1966. On the basis of economic growth, therefore, it cannot be said there is an upward thrust in the economy. We have been virtually stagnant for the last 12 months in terms of increasing the productivity of this nation.

The second indicator which it is customary to examine is, of course, employment. Employment is an important indicator because it tells us the extent to which we are utilizing our most important resource, namely our manpower. The Economic Council of Canada said we ought to be able to keep unemployment at 3 per cent or less. That should be the goal. I would point out incidentally that by the standards of western Europe 3 per cent is a very high figure. The government of Sweden was extremely perturbed last year and brought in some emergency measures when unemployment there reached 1.8 per cent.

What has happened in Canada? We have not been able to keep unemployment down to 3 per cent. We find that in the middle of January this year there were 464,000 unemployed, or 6.1 per cent of the labour force. This compares with 5.2 per cent in 1967 and 5.1 per cent in 1966. Most disturbing of all is the fact that this unemployment is affecting some regions of Canada even more adversely than others. In the Atlantic region unemployment at the middle of January amounted to 10.9 per cent. In Quebec and British Columbia it was 7.8 per cent. The number of persons unemployed for between one and three months rose from 135,000 in December to 195,000 in January. This is really alarming. In January, 1967 only 26,000 people had been unemployed for more than seven months. In January of this year 37,000 had been unemployed for more than seven months.

The Economic Council of Canada, as has been said many times in this house, pointed out that if we are to increase productivity the most effective way of doing so is by putting the unemployed to work. The council suggested that every time we reduced unemployment by one percentage point we increase the gross