

The motion before the House, Mr. Speaker, makes special reference to the unemployment situation in Quebec, a problem about which we are very conscious. But to maintain proper perspective, I think I should point out to hon. members that the problem of unemployment in that province goes beyond that caused by slow growth of the economy generally. A few moments ago I referred to the importance of capital investment in stimulating economic growth and new job opportunities. Over the past four years, however, there has either been a decline or only a modest rate of growth in capital spending in Quebec as compared to the rest of Canada. In 1969, for example, private capital investment in the province per capita was only 62 per cent of the national average, compared to 84 per cent in the Atlantic region and 101 per cent in Ontario.

Notwithstanding the events of recent days, there has, I believe, been a significant change in the political climate in Quebec which is reflected in the election to office of a provincial government pledged to place a new emphasis on promoting healthy economic growth. It is for this reason particularly encouraging that the survey of large Canadian companies to which I referred earlier indicated an above average increase in the amount of capital investment planned for Quebec next year.

Mr. Paproski: A couple of million?

Mr. Benson: Hundreds of millions of dollars.

Mr. Paproski: What about Alberta?

Mr. Benson: This estimate would appear to be in line with reports of major capital projects expected to get under way in the province over the next several months about which Premier Bourassa said last week he would be making an announcement shortly. It is just such developments which will provide the strongest possible base for promoting the accelerated long term economic growth of the province.

At the beginning of my remarks, Mr. Speaker, I noted that the International Monetary Fund, the Organization for Economic Co-operation and Development and the Economic Council have all recently warned about the dangerous effect of inflation in undermining the strength of the world's economies. Before concluding, I want to underline the further warning from each of these organizations about the need to exercise caution in stimulating the renewed expansion of the economy after inflation has been brought under control because of the continuing danger of unleashing new inflationary forces.

In its most recent report the Economic Council emphasized that, to use its words, "great care must be taken to move in a more gradual way back to potential in order to avoid the excessive surges of inflation-creating demand such as occurred in the mid-1960's and pushed the economy hard against its potential". The progressive and far-reaching series of measures we have taken over the past several months represent strong and positive action by the government to stimulate economic growth. We

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remain more than ready in the future to adopt those further measures which are possible to promote faster expansion of production, employment and incomes without sacrificing the hard-won gains we have made in our crucial fight to restore economic stability, upon which sustained economic growth and high and growing levels of employment ultimately depend.

Mr. J. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, it is difficult, in a 15 minute speech, to advance a serious economic argument, especially when one has already made some notes for another speech.

To reply to the Minister of Finance (Mr. Benson), may I say, first of all, that one of the central assumptions he made was that a direct causal connection existed between price stability on the one hand and long range growth and full employment on the other. This came out clearly in his speech. Yet he put forward not one shred of evidence to justify this contention. He is right in saying that relative price stability exists today, but if he wishes to argue that this degree of price stability is connected with economic growth why does he not present some statistics on which to base his argument? Why does he not take prices within a sector of the economy, show that they have been maintained at a relatively constant level and then, show, also, that there has been an expansion of employment in that sector? This would be significant information. But he does not attempt to do this. I have no time in which to elaborate upon the point, but I suggest he could not do so in terms of the economy as a whole.

There is a good deal of evidence to show that many countries have maintained price stability while experiencing high levels of unemployment, and there are numerous other countries which have maintained high levels of employment concurrent with a lot of inflation. It is this kind of information which has led such reputable journals as the *Wall Street Journal* to conclude that attempts to find a connection between price stability and economic growth should be abandoned because the evidence no longer warrants making the kind of assumption which underlines the hon. gentleman's policies. The minister has trotted out once again an essay in the conservative economic thought which has motivated the government; he has provided us with nothing more than the rhetoric we have heard many times in the last two years to support his position.

The other point I will make before getting into the ten minutes or so which remain to me concerns the minister's reference to the low rate of capital investment in recent years in the Province of Quebec. It is true there has been a low rate of capital investment in the past, and I, with other hon. members, are glad to know that this situation may be changed. What better reason for a massive introduction of public capital into the province? I will return to this point later.

● (4:30 p.m.)

The fact is that there are 419,000 unemployed in Canada, an increase of some 105,000 over the same time one year ago. Non-partisan economists have predicted that we may have as high as 9 per cent of the labour