

Employment Support Bill

Mr. Benson: In value terms, the gross national product rose by 3.3 per cent during the quarter and real output by a substantial 2.1 per cent, an increase which Statistics Canada reported as among the best experienced in recent years. At an annual rate, this represented an increase in real GNP terms, without inflation involved, of 8.9 per cent per annum. In addition, Statistics Canada doubled its estimate of real growth of our national production during the first quarter of 1971 from .6 per cent to 1.2 per cent. This substantial upward revision is the result of later information and confirms the view taken in my last budget that the economy was firmly embarked upon a strong upward course.

Mr. Hees: Now tell us about unemployment.

Mr. Benson: I know this upsets hon. members opposite, but it is happening.

Mr. Hees: That speech is nine months old. Tell us about unemployment.

Mr. Benson: The average quarterly rate of growth in the first half of this year is now estimated by Statistics Canada to be a full percentage point above the average quarterly rate of real growth during the previous four quarters. The quickening pace of the economy has been sparked by sharply increased spending by consumers on goods and services. During the second quarter these expenditures rose by 4.3 per cent, which was the largest quarter to quarter increase in many years.

Mr. Harkness: Why are you in trouble, then?

Mr. Benson: You are in trouble because you have no platform.

Some hon. Members: Oh, oh!

Mr. Hees: We never had it so good.

Mr. Benson: This expansion of consumer spending continues to be reinforced by steadily rising labour income, which grew by 3.2 per cent during the second quarter. The rise in labour income in turn reflects the strong growth that has been taking place in employment. Between April and July of this year, 817,000 more Canadians were at work. This increase in employment was 26 per cent higher than that which occurred during the same period last year.

• (8:30 p.m.)

Mr. Hees: Now tell us about the unemployment.

Mr. Benson: Because this very substantial increase in employment has been matched by an almost equally substantial increase in the size of the labour force of 817,000, which is a tremendous growth, the rate of unemployment in July, the last month for which figures are available, declined only marginally, from 6.4 per cent to 6.3 per cent on a seasonally adjusted basis. We are confident that the trend will be that unemployment will continue to decline as the economy gathers further strength. My hon. friends opposite know that this will happen, and I hope that the Leader of the Opposition, who guaranteed

[Mr. Benson.]

that unemployment would not go below 6 per cent this year, will turn his leadership over to the hon. member for Prince Edward-Hastings (Mr. Hees) when it does.

Mr. Hees: Obviously this is Jack Benny's successor.

Mr. Benson: All I can say, Mr. Speaker, is that it is better than growling and groaning. There are growing indications that one element of that further strength may come from increased capital investment undertaken in response to growing consumer demand. During the second quarter, total capital investment expenditures increased by 5.7 per cent, while those undertaken by business for machinery, equipment and construction rose by 6 per cent. Outlays on new housing remained very strong, the second quarter increase matching the 4.5 per cent increase recorded in the first. The mid-year survey of capital investment spending intentions which was published recently anticipated an increase in total investment outlays in 1971 of 11 per cent over 1970. This is an upward revision of almost two percentage points over the initial survey published earlier in the year, with most of the increase anticipated in the private sector.

An important element of the improving economic picture is the recovery of corporate profits and the consequent improvement in the ability of companies to undertake expanded capital investment. Profits increased by 8 per cent in the first quarter and by the same amount in the second, returning the level of corporate earnings close to the peak that was hit in the first quarter of 1969.

The fact that business inventories declined during the second quarter and that the ratio of stocks to current sales and unfilled orders was unusually low suggests that the rebuilding of inventories will provide an important new source of demand for goods during the second half of this year.

I should remind members that the gathering momentum of the economy will continue to be reinforced in an important way by the expansionary budget measures which I introduced in the House on June 18, and by the removal of a major cause of uncertainty in the business sector with the introduction of the tax reform legislation this year.

Mr. Harkness: What unbecoming modesty.

Mr. Benson: At least I am probably going to run again. As I indicated earlier, Mr. Speaker, the bright prospect for the continued acceleration of Canada's economic growth has been clouded by the possible adverse impact of some of the measures announced by President Nixon. Because of the close links between the two countries, of course, it is undoubtedly true that Canada stands to gain some benefit to the extent that measures undertaken by the administration to strengthen the United States economy are successful in achieving their purpose.

It is probable that the initial impact of the surcharge on the Canadian economy as a whole will not be too severe. For certain sectors of the economy, however, the surcharge poses serious problems immediately and it is these problems which the present bill is designed to alleviate. The longer the surcharge is applied against