

Employment Programs

currently at \$450 million, a swing of more than \$1 billion. In contrast to what the Leader of the Opposition has said, I think this is a very significant move in fiscal policy in Canada.

Mr. Stanfield: You can't live on that.

Mr. Benson: And you can't live on your credit. In my speech of October 13, I indicated to the House that during this period there had been a shift of similar magnitude on the monetary side in the expansion of monetary policy, with the result that ample credit is available in the banking system to supply the needs of all credit-worthy borrowers. In the interval there have been two further important developments in the monetary field.

Toward the end of October, the chartered banks began lowering their prime lending rates from 8 per cent to at least $7\frac{1}{2}$ per cent, providing a spur for a further increase in loan demand.

I am sure that all hon. members will welcome the announcement that effective today the Bank of Canada's bank rate has been reduced from $6\frac{1}{2}$ to 6 per cent, reflecting the recent decline in short-term treasury bill yields to less than 5 per cent for the first time since 1967. Today's reduction in the bank rate is the fourth since May of this year and represents a decrease of 2 percentage points from the 8 per cent peak established in July, 1969. This lowering of the lending rate of the Bank of Canada, which goes hand in hand with a continued increase in the money supply made available by the central bank, is only one more in the series of measures adopted by federal authorities to promote increased economic growth as quickly and to as great an extent as circumstances and sensible economic management will permit.

In his motion, Mr. Speaker, the hon. member for York South refers to the relentless upward climb in the level of unemployment in all regions of Canada and suggests that a number of unnamed—he named one or two recently—but allegedly responsible economic authorities are predicting record levels of unemployment this winter.

For our part, we have never sought to minimize our concern over the increase in unemployment to a level far higher than we would like to see. I am willing to refer to my budget statement of last March in this regard. At the same time, however, there is nothing to be gained by exaggerating the nature and extent of the problem, unless it is some brief political advantage.

Recently I suggested publicly that on a seasonal basis—the hon. member said this is the fair way to measure the trend in unemployment—unemployment had about reached its peak and expressed confidence that we could look forward to continued improvement. I am sure most members will welcome the report published today by the Dominion Bureau of Statistics and the Department of Manpower and Immigration that on a seasonally adjusted basis unemployment dropped from 6.9 per cent in September to 6.6 per cent in October. I might observe, in

[Mr. Benson.]

passing, that in the United States there was a further small increase in unemployment during October.

An hon. Member: Their rate is different.

Mr. Benson: The rate is different because the measurement is different. What makes this report particularly gratifying is the fact that the decline in unemployment during October to the level existing last June occurred despite an increase in the labour force of 10,000 on a seasonally adjusted basis, and despite the fact that the General Motors strike had been underway for five weeks at the time the survey was taken.

I should make it clear, Mr. Speaker, that while those on strike are not counted as additions to the unemployed, the shutdown of General Motors plants has led to the laying-off of a significant number of workers in associated industries which supply General Motors factories. It is because of this factor that reports of an impending settlement of the strike are all the more welcome. During October there was an increase in employment, seasonally adjusted, of 34,000, which was matched by a similar increase in September. While the importance of this expansion in employment over the two-month period should also not be exaggerated, the figures suggest that the economy may be becoming more robust than it was earlier in the year.

● (4:20 p.m.)

One of the important factors in determining how quickly economic growth regains a healthy momentum is capital investment, particularly in the private sector. As hon. members are aware, actual capital expenditures by business this year appear to have fallen significantly short of the large increase indicated by company investment intentions. Nevertheless, a strong underpinning to capital investment both this year and next has been provided by the marked resurgence which has taken place in housing construction as a result of the heavy volume of funds made available by the federal government. In October, housing starts were running at an annual rate of 270,000, which represents a very sharp increase from the annual rate of housing construction of 136,000 in the second quarter of this year. I think this is an indication of the effect government action has had with respect to unemployment.

Mr. Alexander: It will still be short.

Mr. Benson: Earlier this week my colleague, the Minister of Industry, Trade and Commerce (Mr. Pepin) made public a survey of 200 of the largest companies in Canada indicating that they planned increases in capital spending next year of 11 per cent. While this expression of intention is a less than infallible guide to the expenditures which will actually be made, it is nevertheless encouraging that these major companies are contemplating a substantial expansion of capital investment in the year ahead.