

Total unemployment, even at its seasonal peak, has not been large, judged by normal and usual conditions in this country. It has, however, been uneven in its regional incidence.

The largest single element in the past winter's unemployment has been the sharp decline in woods operations associated with the policy of the principal pulp and paper companies in reducing their heavy pulpwood inventories. Other pools of unemployment have been created by decline of particular export markets.

The marketing prospects for our pulp and paper industry appear to be good, and if these are maintained I would expect the woods operations next winter to be at a normal level. We shall continue to give all the help we can in finding markets for such other commodities as may from time to time find their markets upset.

I want to make it clear, however, that the central government cannot and should not attempt to assume responsibility for all these regional problems. In my mind the proper role of the central government in our federal state is fourfold. First, through its fiscal and general policies it should endeavour to create a favourable climate for healthy economic expansion and development. Second, it should have careful regard in planning its own operations for the best timing and the best placing of its capital and developmental expenditures. Third, it should recognize a special responsibility for the promotion and development of our basic primary industries and other industries of a national significance. Fourth, it should be ready to co-operate actively with provincial governments and through the provincial governments with municipalities, in meeting regional problems that threaten nation-wide economic repercussions.

There have been times in the past when differences of view between the federal and provincial governments have received a kind of publicity which has led the general public to overlook, or at least to underestimate, the very large amount of practical day to day cooperation between the two levels of government. There is a great deal of this working together, and we are ready, in all appropriate circumstances, to extend this friendly collaboration.

With particular reference to the current situation I should remind the house that in preparing our estimates for construction projects we have deliberately been severe in cutting down requests for new construction, because in most parts of Canada building is fully employed on private projects. But where we have evidence that building labour will be available we have applied less severe tests to departmental requests for new construction.

The amendments to the Unemployment Insurance Act recently enacted will not only relieve distress but will sustain purchasing power and thus the general level of business activity, in many of the regions where difficulties were encountered this winter.

The consensus of informed views about the outlook for 1950 is that employment, output and price levels in both Canada and the United States will show no great change from 1949. The balance of probabilities for Canada indicates a moderate increase in the domestic and United States demand for our products, offset in part by a reduction in overseas demands,