

as great as the 21,000 increase recorded in the same month last year, which was far above any May since 1965.

• (8:50 p.m.)

A significant increase in labour force participation rates under way since last November for women and for men in the 14-24 age group has also contributed to the sharp growth of the labour force in May. The reasons for this increase are not yet clear. During May, 67,320 workers were involved in work stoppages due to industrial disputes. While this was considerably below the total in the same period last year, these stoppages appear to have had a major affect in causing lay-offs of workers in other industries. This was particularly true of British Columbia, where the strike of a relatively small number of towboat operators, 1,630, virtually crippled pulp, newsprint and lumber operations in the province and reflected a sharp increase in unemployment in British Columbia.

In Quebec, work stoppages involving 26,545 workers, particularly in the Montreal construction trades, contributed to a lesser extent to the deterioration of the unemployment picture in that province. More than half the 55,000 increase in total unemployment on a seasonal basis took place in Quebec—29,000, with the bulk of the remainder, 23,000, occurring in British Columbia. This may reflect the relatively slow growth of capital investment in the province compared with other areas of Canada, which in turn may be related to political circumstances.

The government is concerned about the level of unemployment, and in fact a number of steps have been taken both in the budget and since to relax the restraints of fiscal and monetary policies. While some impetus has been given to the economy, the problem of inflation remains a serious one, as was pointed out by the Leader of the Opposition. Although some initial and tentative progress has been made in slowing down the rate of price increases, the continued upward spiral of costs, particularly of wages and prices, threatens to undermine this progress.

The government has taken the position that it is anxious to promote a greater rate of economic growth and increased employment. Before doing so, however, it is necessary to obtain assurances that cost pressures are beginning to ease. In the absence of such assurance, policies aimed at promoting a faster rate of economic growth run the danger of renewing inflationary pressures in

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the economy. This emphasizes the importance of obtaining co-operation from labour in the national restraint program launched by the Prices and Incomes Commission.

As indicated in my March 12 budget, the essential problem is that of maintaining a sound economic balance in the conditions confronting the country. As repeatedly pointed out, the fundamental objective of the government is to halt the inflationary spiral of costs and prices in order to pave the way for a return to the path of strong but stable economic growth. The budget emphasized that we would face a hard task in bringing about a significant reduction in the rate of price and cost increases. The budget speech warned that the economy would probably grow at a slower rate than in 1969, as would also the increase in employment. The result would be some increase in unemployment.

In my budget speech I fully anticipated that difficult wage negotiations lay ahead. I said, "Some of these negotiations may issue in strikes—perhaps prolonged ones—before settlements are reached." The budget provided for some easing of the restraints imposed by the fiscal position of the federal government, which was matched at the time by some easing of monetary restraint. As anticipated, the economy has continued to grow at a moderate rate. There has, nevertheless, been some increase in unemployment during the course of the year. This is a direct consequence of the fight we must continue to wage against the inflationary pressures that pose such a serious threat to our future prosperity.

Since the budget was introduced last March there has been a further easing of both fiscal and monetary restraints. The government has decided against proceeding with the budget proposal to establish consumer credit controls. During the recent federal-provincial conference of finance ministers and provincial treasurers, further measures were announced that would have the effect of further easing the fiscal restraint of the federal government through increased payments of \$300 million in the current year to provincial governments. On the monetary side, the lending rate of the Bank of Canada has been reduced from 8½ to 7½ per cent since the budget and there has been a decline in the level of interest rates generally, particularly for short-term securities.

In addition to providing a further moderate degree of stimulus to the economy as a whole, the government has formulated specific plans aimed at increasing student employment