

political settlement necessarily rests with the contending parties.

UNEMPLOYMENT—EFFECTIVENESS OF MANITOBA DEFICIT FINANCING PROGRAM IN DECREASING UNEMPLOYMENT—SUGGESTED CONSULTATION

**Mr. David Orlikow (Winnipeg North):** On May 13, Mr. Speaker, I asked the Minister of Finance (Mr. Benson) whether in view of the fact that unemployment in the province of Manitoba was reduced steadily in the three months between February and April, in contrast with what happened in the rest of the country, he would give consideration to discussing with the Minister of Finance of Manitoba the process by which the government of Manitoba had been able to achieve that happy result.

In May of 1971 we were able to get the figures for unemployment in Canada during the month of April. They showed that 567,000 people were unemployed, 6.7 per cent of the labour force, calculated on a seasonally adjusted basis. This represented a sharp increase compared with the same month in 1970—the rate of increase had risen steadily up to the month of April. By contrast, in Manitoba unemployment in February amounted to 22,000; the seasonally adjusted rate of unemployment was 6 per cent. In April, unemployment had dropped to 18,000 and the seasonally adjusted rate was only 4.8 per cent.

Manitoba is, I think, the only province in which such a decrease took place. It was not an accident. The provincial government realized as early as 1970 that unemployment would be serious in the winter of 1971. It felt the federal government was overreacting to inflation and that its policies of restraint would likely cause widespread high-level unemployment, as it has done, throughout the winter of last year and probably for the rest of this year.

More than a year ago, therefore, the government began to make plans to deal with unemployment to the extent that a provincial government can. It set aside \$32 million in its capital supply estimates for special public works and construction projects which could be started quickly if, as they suspected and feared, unemployment became much more serious. In addition, they provided a further \$70 million for public works and housing projects. Beginning as early as October last year a whole series of projects was undertaken. Construction of schools in 26 centres, costing \$34 million, was announced in addition to six regional, vocational secondary schools costing \$21 million. This cost was, of course, shared with the federal government. Norway House schools, where the population is almost entirely Indian, were begun. University construction amounted to \$4 million and there was public housing amounting to almost \$12 million, the cost of which was shared with the federal government.

• (10:10 p.m.)

This was in October, 1970, and in November the Manitoba government announced a greatly accelerated public housing program to be initiated by the provincial government and financed jointly, of course, with the government at Ottawa. However, the provincial government has taken the lead and this year there will be 2,200

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public housing units built in Manitoba, an increase of more than 100 per cent over the number of public housing units built in 1970 and an increase of more than 1,000 per cent over the number of public housing units built by the former government.

In December the government of Manitoba announced an expanded public housing program which was not as large as they wanted because Central Mortgage and Housing Corporation would not agree to share the cost to the extent proposed by the government of Manitoba. Nevertheless, the Premier made it clear that he was clearly dissatisfied with the fact that, during the period 1968 to 1970, of 25,000 new dwelling units built in the province of Manitoba only 1,000 provided accommodation for people with incomes of under \$5,000.

The Premier made it clear that the government of Manitoba would do everything it could to change this situation and to provide, as I have said, for a much larger percentage of housing starts in the province being devoted to public housing accommodation for people in the low-income brackets. The government of Manitoba has set a goal for the years 1971-75 of building about 4,500 units for elderly persons' housing in view of the steadily increasing number of senior citizens in Manitoba, as in other provinces.

This is the kind of program that the government of Manitoba has implemented, not just because it is required but because the government felt very strongly that at a time when unemployment is so prevalent and growing so rapidly governments must take the lead in providing, through necessary and worth-while projects, increased employment opportunities for the people of Manitoba. I suggest that the federal government follow the same line in its policies.

**Mr. P. M. Mahoney (Parliamentary Secretary to Minister of Finance):** Mr. Speaker, the unemployment rate in Manitoba, as published by the Dominion Bureau of Statistics, declined from the January peak of 6.5 per cent to 4.8 per cent in April. However, contrary to the information the hon. member has, these figures are not seasonally adjusted and therefore do not accurately show in the unemployment trend because the unadjusted rate usually falls by about 1.5 per cent over the first four months of the year. Also, the Manitoba unemployment rate is classified by DBS as an "f" statistic and according to DBS this category of statistics is their second least reliable.

The impetus to increasing employment and reducing unemployment in that province is coming from the housing sector and from new capital expenditure in primary industries and construction industries where 1971 investment intentions indicate that expectations regarding new capital outlays are for an increase of 15.5 per cent after a decline of 13.6 per cent in 1970. New capital outlay intentions for housing are up by 23.8 per cent in 1971 following the 5 per cent drop in 1970. Housing starts in the fourth quarter of 1970 rose by 54.2 per cent over the fourth quarter level of 1969, compared to the 45.2 per cent rise for Canada as a whole. The provincial government expenditures rose by approximately 25 per cent in the 1969-70 fiscal year. However, the 1970-71 expenditure