

## THE CANADIAN ECONOMY

### THE BUDGET—STIMULUS FOR CONSTRUCTION INDUSTRY

**Mr. Dean Whiteway (Selkirk):** Mr. Speaker, my question is to the Minister of Finance: it has to do with the near record depression levels in the construction industry. Keeping in mind that each month the construction industry in this country loses 10,000 jobs, I am wondering if the Minister of Finance can tell the Canadian people why his budget of last night had no measures whatever to stimulate the construction industry, considering that new house sales are not subjected to provincial sales tax and therefore the sales tax reduction will be negligible where they are concerned.

**Hon. Jean Chrétien (Minister of Finance):** Mr. Speaker, the best way to stimulate the construction industry is to have investment and growth in Canada. The policies we put forward last night are to achieve a potential growth of close to 5 per cent for 1978. In this way we hope to stimulate the construction industry.

**Mr. Whiteway:** In view of the fact that any kind of economic recovery in this country is critical to the construction industry, would the minister explain to the House why there were no measures in the budget to offset the higher interest rates on residential mortgages as a result of his economic policies and, in particular, why there was no interest rate deductibility for residential mortgages?

**Mr. Chrétien:** Mr. Speaker, I have two points: the first point is that the interest rate in Canada at the present time is lower than it was a year and a half ago; secondly, the increase in the bank rate by one point in the last month has not resulted in an equivalent increase in the mortgage rate. In fact, when we raised the bank rate the first time by half a point, there was no change in the level of interest rates for mortgages. When it was increased by another half point, the mortgage rate increased by only a quarter of a point, not a point.

● (1452)

[Translation]

#### ALLEGED DEFICIENCY OF BUDGET TO COMBAT UNEMPLOYMENT

**Mr. Heward Grafftey (Brome-Missisquoi):** Mr. Speaker, my question is for the Minister of Finance.

Considering that, according to the figures announced today, 1,045,000 people are officially without work in Canada, and more particularly that in Quebec we have 17,000 more people out of work than the previous month, and that the unemployment level is now more than twice as high as in two of the Atlantic provinces, I ask the Minister of Finance why in his budget he did not come to grips with the sad and serious unemployment situation with precise measures throughout Canada and more particularly in Quebec.

**Hon. Jean Chrétien (Minister of Finance):** If the hon. member listened carefully to the speech I made yesterday, he

### Oral Questions

heard the reasons I gave concerning the budget I brought forward. I gave an incentive of \$200 million to the economy this year through which we hope to reach a rate of growth of 5 per cent, thereby reducing the unemployment level.

I would like to tell the hon. member that a 5 per cent increase in the gross national income will be one of the best performances of all countries in the western hemisphere.

**Mr. Grafftey:** Mr. Speaker, I have a supplementary question and a most explicit one. Considering that today's unemployment in the province of Quebec is largely due to the fact that many labourers have been fired, for instance in the textile, clothing, furniture and footwear industries as well as in other secondary industries, I ask—yes I said “fired”—

[English]

I do not take any partisan delight in putting these questions to the worst government since confederation.

[Translation]

I ask the minister why the budget does not contain any measure specifically aimed at helping these industries and stimulating the economy, particularly in the province of Quebec where the unemployment situation is so serious today?

**Mr. Chrétien:** If the hon. member actively follows the trend in Quebec's secondary industry, he will see that the measures we have taken about 15 months ago concerning textiles and some six months ago concerning footwear have given very positive results. It is common today to read that there is a recovery in this sector of the economy. So I do not see why we should add to a set of measures which seem to give good results right now.

\* \* \*

[English]

## NORTHERN DEVELOPMENT

### REASON DEPARTMENTAL ESTIMATES NOT BROUGHT BEFORE STANDING COMMITTEE

**Mr. Bob Brisco (Kootenay West):** Mr. Speaker, in the absence of the Minister of Indian Affairs and Northern Development, I would address my question to his parliamentary secretary. Can the parliamentary secretary explain why the department's expenditures for the province of Saskatchewan are several million dollars over the appropriated funds for the past fiscal year, and is this one of the reasons the minister's estimates have not been brought before the Standing Committee on Indian Affairs and Northern Development?

**Mr. Ross Milne (Parliamentary Secretary to Minister of Indian Affairs and Northern Development):** Mr. Speaker, we are concerned about budgeting and the Saskatchewan allocation and the fact that it is over. It is one of the issues we have been discussing with the regional director this past while. We hope that when the estimates are considered by the committee,