

18TH ANNUAL PREMIERS CONFERENCE

Notes for the Lead-Off
Statement on "Unemployment
and Job Creation"

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St. Andrews, N.B.
August 18-19, 1977

MR. CHAIRMAN:

TWO YEARS AGO, WHEN WE MET IN NEWFOUNDLAND, THE CANADIAN ECONOMY WAS BEING THREATENED BY INCREASINGLY SERIOUS INFLATIONARY PRESSURES.

AS A RESULT OF OUR DISCUSSIONS AT THAT TIME, A FAIRLY CLEAR CONSENSUS EMERGED THAT STRONG, SPECIAL MEASURES HAD TO BE TAKEN QUICKLY TO DEAL WITH THE PROBLEM AND THAT, TO BE EFFECTIVE, THESE MEASURES HAD TO BE APPLIED ON A NATIONAL BASIS. AND, WHILE IT WAS AGREED THAT THE FEDERAL GOVERNMENT HAD TO EXERCISE LEADERSHIP IN THE FIGHT AGAINST INFLATION, IT WAS RECOGNIZED AND ACKNOWLEDGED THAT THE PROVINCES, TOO, HAD AN IMPORTANT ROLE TO PLAY - AND AN OBLIGATION TO COOPERATE IN A NATIONAL ANTI-INFLATION CAMPAIGN.

LESS THAN TWO MONTHS AFTER THE NEWFOUNDLAND CONFERENCE, THE ANTI-INFLATION PROGRAM WAS INTRODUCED.

OF COURSE, THE ANTI-INFLATION PROGRAM THAT WAS ANNOUNCED BY THE FEDERAL GOVERNMENT IN OCTOBER, 1975 WAS FAR FROM PERFECT, BUT ITS INTRODUCTION DID REPRESENT A STRONG RESPONSE TO OUR CONCERNS, AND IT WAS AN INITIATIVE WHICH VIRTUALLY ALL PROVINCES SUPPORTED IN PRINCIPLE - THOUGH WITH MAJOR RESERVATIONS, MANY OF WHICH PROVED SUBSEQUENTLY TO HAVE BEEN WELL-FOUNDED.

I WANTED TO REMIND THIS CONFERENCE OF THE SITUATION TWO YEARS AGO, BECAUSE I THINK, IN MANY WAYS, THERE ARE A NUMBER OF IMPORTANT SIMILARITIES BETWEEN THE CIRCUMSTANCES THEN AND THOSE WE FACE TODAY.

IT CANNOT BE EMPHASIZED ENOUGH THAT UNEMPLOYMENT CAN BE EVERY BIT AS SERIOUS A PROBLEM AS INFLATION. AT THE NEAR-RECORD LEVELS IT HAS REACHED IN RECENT MONTHS, I FEEL UNEMPLOYMENT IS AS MUCH OF A THREAT TO OUR ECONOMY AS INFLATION WAS TWO YEARS AGO. THROUGH LOST PRODUCTION AND LOST INCOME, IT AFFECTS EVERY CANADIAN IN A DIRECT WAY.

MOST FORECASTERS ARE PREDICTING LITTLE OR NO IMPROVEMENT FOR NEXT YEAR IN THE ABSENCE OF NEW MEASURES. IN OTHER WORDS, WE ARE FACING A NATIONAL UNEMPLOYMENT RATE OF CLOSE TO 8 PERCENT, AT LEAST, FOR ANOTHER SIXTEEN MONTHS OR MORE, AND, OF COURSE, THE COMING FALL AND WINTER SEASON WILL PROBABLY BE THE MOST DIFFICULT OF ALL. WITH THE SEASONALLY ADJUSTED RATE AT 8.1 PERCENT IN JULY, MANY FEAR THAT THERE COULD BE WELL OVER A MILLION CANADIANS UNEMPLOYED THIS WINTER.

THIS LEVEL OF UNEMPLOYMENT IS NEITHER DESIRABLE NOR ACCEPTABLE. AN UNEMPLOYMENT RATE OF 4% WHILE NOT IDEAL WOULD BE A REASONABLE TARGET FOR OUR CONSIDERATION.

IT IS QUITE CLEAR NOW THAT THE IMPACT OF THE SPRING FEDERAL BUDGET HAS NOT BEEN AS POSITIVE AS OTTAWA OBVIOUSLY HOPED. AT THE TIME IT WAS INTRODUCED, OUR GOVERNMENT AND OTHERS, I BELIEVE, INDICATED THAT WE FELT TOO MUCH RELIANCE WAS BEING PLACED ON TAX INCENTIVES TO ENCOURAGE INVESTMENT, AND NOT ENOUGH EMPHASIS WAS BEING PLANNED FOR DIRECT PROGRAMS WITH IMMEDIATE IMPACT. SO FAR, OUR CONCERNS HAVE BEEN BORNE OUT, AND, AS IT SAID EARLIER, THERE IS LITTLE REASON TO BELIEVE THERE WILL BE MUCH IMPROVEMENT IN THE NEAR FUTURE. IN FACT, AS RECENTLY AS A FEW WEEKS AGO, THE PRIME MINISTER ALSO EXPRESSED CONCERN ABOUT THE FACT THAT "THE PRIVATE SECTOR HAS NOT TAKEN UP THE SLACK WHICH WAS PROVIDED FOR IT IN THE BUDGET".

IN DISCUSSING THE FEDERAL POSITION IT IS IMPORTANT TO ACKNOWLEDGE THE RECENT ANNOUNCEMENT OF A FALL CANADA WORKS PROGRAM. HOWEVER, THE AD HOC SHORT-TERM NATURE OF SUCH MEASURES AND THE INADEQUATE ALLOCATION OF FUNDS WILL ENSURE THAT NO MAJOR REDUCTION OF UNEMPLOYMENT IS ACHIEVED.

A BETTER ALTERNATIVE WOULD BE A REINTRODUCTION OF THE PARTIALLY FORGIVEABLE LOANS FOR CAPITAL WORKS PROJECTS. IN 1974 AT THE PREMIERS' CONFERENCE IN OTTAWA OUR COMMUNIQUE CALLED ON THE FEDERAL GOVERNMENT TO EXTEND THIS PROGRAM. IF THAT RECOMMENDATION HAD BEEN FOLLOWED, IT IS POSSIBLE THAT THE UNEMPLOYMENT SITUATION ACROSS THE COUNTRY MIGHT HAVE BEEN SOMEWHAT LESS SERIOUS THAT IT IS TODAY. WE PROPOSE A CAPITAL WORKS FOREGIVEABLE LOAN FUND IN THE ORDER OF \$300 TO \$450 MILLION DOLLARS.

IN ADDITION THE FEDERAL GOVERNMENT SHOULD EXAMINE MAJOR CAPITAL PROJECTS SUCH AS MAJOR ENERGY PROJECTS, PIPELINES AND PROPOSED RAIL LINE ELECTRIFICATION TO DETERMINE WHEN AND HOW MAJOR PROJECTS SHOULD BE UNDERTAKEN TO BOTH MEET OUR NEEDS AND REDUCE UNEMPLOYMENT.

IF WE DON'T BEGIN SOON TO CONSIDER THESE ISSUES FROM A LONGER TERM PERSPECTIVE, INEVITABLY WE WILL CONTINUE TO DRIFT FROM "CRISIS" TO "CRISIS", WITH NO REAL HOPE OF SUSTAINED IMPROVEMENT IN THE LIVING STANDARDS OF OUR CITIZENS. THIS IS THE CLEAR LESSON OF THE PAST FEW YEARS. IT IS MEANINGLESS AND COUNTER-PRODUCTIVE TO ARGUE ABOUT WHETHER INFLATION OR UNEMPLOYMENT IS OUR "NUMBER ONE PROBLEM". THEY ARE BOTH URGENT PROBLEMS, AND ALL SENIOR GOVERNMENTS IN CANADA MUST START WORKING TOGETHER ON A CONTINUING BASIS IF WE ARE TO HAVE ANY REALISTIC HOPE OF DEALING WITH THEM EFFECTIVELY OVER THE LONG TERM.

I AM ENCOURAGED, THAT THE FEDERAL MINISTER OF FINANCE HAS PROPOSED THAT HE AND HIS PROVINCIAL COLLEAGUES MEET EARLY IN OCTOBER TO DISCUSS THE NATIONAL ECONOMIC SITUATION. SUCH A MEETING CANNOT HELP BUT BE USEFUL, ALTHOUGH ITS VALUE WILL BE LIMITED, IF, BY THAT TIME, THE FEDERAL GOVERNMENT HAS NOT ANNOUNCED, AT LEAST IN GENERAL TERMS, ITS INTENTION TO PROCEED WITH NEW JOB CREATION PLANS.

IN MANITOBA, OUR GOVERNMENT HAS ALREADY MADE CLEAR OUR INTENTION TO EXTEND OUR OWN SPECIAL PROGRAM OF DIRECT JOB CREATION INTO THE FALL. OUR PROGRAM BECAME OPERATIONAL IN EARLY SUMMER, AND IT HAS ALREADY PROVED TO BE HIGHLY SUCCESSFUL. SEVERAL PROVINCES AND THE FEDERAL GOVERNMENT HAVE ASKED FOR DETAILED BRIEFINGS ON THE VARIOUS COMPONENTS OF THE PROGRAM, AND I WOULD CERTAINLY BE PLEASED TO HAVE OUR OFFICIALS PROVIDE THE SAME KIND OF INFORMATION TO ANY OTHER PROVINCES WHICH MAY WISH TO HAVE IT.

UNFORTUNATELY, AS ALL PROVINCIAL GOVERNMENTS KNOW ONLY TOO WELL, THERE ARE LIMITS ON HOW EFFECTIVE PROVINCIAL PROGRAMS CAN BE IN COUNTERACTING A MAJOR NATIONAL ECONOMIC PROBLEM. AGAIN, WE MUST HAVE A NATIONAL RESPONSE - A NATIONAL EFFORT, UNDER FEDERAL LEADERSHIP - IF WE ARE TO DEAL EFFECTIVELY WITH UNEMPLOYMENT IN THE COMING MONTHS.