

aggravating or even inducing economic instabilities, with consequent repercussions on general costs and prices. Over the past 15 years demand for construction in Canada has swung widely—residential building from a 25-p.c. increase in one year to a 17-p.c. decline two years later, non-residential construction from plus 40 p.c. to minus 9 p.c. over two years, and government construction outlays from plus 32 p.c. to minus 7 p.c. from one year to the next. The Council said governments must be assigned a major contributing role as a destabilizing element in the over-all construction situation. In all three construction booms since 1950, outlays by all levels of government have reinforced and aggravated the excessive demand on the construction industry. Moreover, in the three recessions since 1950, government construction outlays have declined, adding to the weakness of demand in other sectors of the economy. In the 1963-66 period, demands on the construction industry pressed very hard on its supply capacity. The result was sharply higher wages in construction, strong increases in building materials prices, sharply higher bid prices on new contracts, increases in costs and prices on projects already under way, and fewer bids per construction contract. In such a situation, cost and price increases spill over into a broad front of labour and material resources.

The Council said that, to help stabilize construction demand, it would be appropriate to press for the development of business attitudes encouraging longer-term planning of business investment expenditures. However, the Council also strongly recommended steps to smooth out the growth of government-determined construction. This recommendation applied to all levels of government but the Council believed that the leadership must come from the Federal Government. The Council said that much of the need for government construction is foreseeable for some years ahead and there is room for better government planning and scheduling of such projects in relation to medium-term economic prospects and the likely demand-supply situation in the construction industry in key areas. Within the Federal Government itself, the Council saw a need for greater centralization of information and decision-making about construction expenditures.

The following were among the Council's other conclusions in this area:—

In the interests of better public education and information regarding current economic developments, including those in the field of prices, costs and incomes, steps should be taken to establish an independent institute of economic research along the lines of those already existing in many other countries. A major function of such an institute would be the publication of a regular bulletin containing analysis of short-term developments in the Canadian economy and other articles dealing with significant changes and problems.

A further examination is needed of problems of consumer protection and the exercise of market power in the Canadian economy. The emphasis should be on a consistent and continuous set of policies, based on well-founded and well-understood principles. [The Federal Government recently referred these matters to the Council for special study. The terms of reference are: "In the light of the government's long-term economic objectives, to study and advise regarding (a) the interests of the consumer particularly as they relate to the functions of the Department of the Registrar General (now the Department of Consumer and Corporate Affairs); (b) combines, mergers, monopolies and restraint of trade, (c) patents, trademarks, copyrights and registered industrial designs". The Council's work on this special study was well under way in the early part of 1967.]

Much more basic economic research needs to be done on problems relating to prices, costs, incomes and productivity in the Canadian economy. More adequate resources should be made available for these and other areas of economic research. In addition, there is a general and immediate need for improvements in price and other economic statistics. For this purpose, the Dominion Bureau of Statistics should be substantially strengthened.

In the light of underlying factors which have significantly altered the world and the Canadian food situation, and some of which are likely to continue for some time, it is more than ever important that effective measures be taken to increase productivity at all stages of food production and distribution.

Governments should take immediate steps to improve the discharge of their responsibilities as major employers and increasingly large-scale direct participants in the process of collective bargaining. The object should be to develop sound criteria and principles and to avoid disturbing repercussions on the climate of collective bargaining in the private sector of the economy.