

Mr. Orlikow: I thank hon. members for their courtesy. I note that the sewage treatment system in Montreal is not to be completed until 1984 because of financial difficulty. I find it strange that though they were able to find well over \$1 billion to complete the Olympics, they cannot find the money from any source to complete their sewage treatment system. They are still dumping raw sewage into the St. Lawrence River. Public transit systems need to be built up if we are to cut down the use of the private automobile and save costly fuel imports. Hospitals, parks, recreational facilities are all needed. The whole public housing program ought to be greatly expanded. A program to this end would put a large number of people back to work. We need to deal in a meaningful way with the repair and renovation of older houses in the core areas of our cities. These have deteriorated rapidly in recent years. People have left them and, as a result, school and recreational facilities are being left unused.

Then, as a matter of urgency, we should be taking measures to conserve energy. The National Energy Board has predicted a tremendous shortage within 10 to 15 years. We should begin, now, to do on a national scale what the government has already begun to do in a tentative way in the Atlantic provinces by embarking upon a major home insulation program. This would not only provide employment but would lead to the saving of a tremendous amount of energy. All these things could be done, given the will and the desire necessary. I hope the government will realize how wrong it has been in recent years and will inaugurate programs such as I have suggested so as to reduce the very large number of persons presently unemployed.

Hon. Judd Buchanan (Minister of Public Works): Mr. Speaker, I am pleased to respond to the motion on behalf of the government. The opposition motion advances the proposition which is clearly contradicted by the record of economic performance in Canada, a record of recovery from the recession afflicting all the western economies in 1973 and 1974, which is widely regarded by international economic commentators as being close to the best of any major industrial nation in recent years.

The Minister of Finance (Mr. Macdonald) recently tabled in the House the Economic Review for 1977. This document provides a very useful point of departure when assessing the performance of the Canadian economy—not in isolation, as hon. members opposite have all done today—but in the context of the international economy. The year 1976 marked a continuation of worldwide recovery from the most serious economic problems faced in over 30 years. For most of the major countries belonging to the Organization for Economic Co-operation and Development, the turning point from recession came early in 1975. The modest nature of the recovery reflects caution on the part of governments in stimulating demand in view of the underlying rates of inflation and a failure of investment spending to come forward at its traditional point in the expansion. Consumer prices in the OECD countries, after increasing 11.4 per cent on average in 1975, increased 8.6 per cent in 1976. At 7.5 per cent, Canada had the fourth lowest

rate of increase, behind Switzerland, Germany and the United States.

Significant headway was made in slowing down the increases in prices and costs. While a large part of the improvement resulted from flat or declining food prices, prices of goods other than food also rose less rapidly in 1976. The year over year increase in the consumer price index in October, 1976, was 6.2 per cent. Personal disposable income rose less strongly in 1976 than in 1975, but the improved price performance resulted in a real gain of 3.2 per cent per person employed, almost equal to that achieved in 1975 and well in excess of the increase in total productivity. The rate of wage increases slowed significantly during 1976. In new settlements, the average increase in base rates over the life of the contract and during the first year of the agreement eased to 8.4 per cent and 9.9 per cent respectively by the fourth quarter of 1976, from the all-time high of 18.8 per cent and 22.4 per cent in the second quarter of 1975.

Canada's index of economic performance in March of 1977, according to the National Bureau of Economic Research, a highly respected research organization, was 67 per cent ahead of the situation at the start of the recession. Partly, this reflected the fact that Canada, as a result of deliberate policy initiatives taken by the government, had not plunged as far into recession as had our trading partners. It also reflected the considerable progress we have made in the past 24 months. Comparable figures for West Germany, France and the U.S. ranged between 2 per cent and 10 per cent. Italy, Japan and the United Kingdom have not, even yet, fully recovered the level of economic activity which they had experienced prior to the recession. This study, which was prepared in advance of the recent London summit, tries to summarize, in a single measure, the most important measures of aggregate economic activity such as income, output, employment, unemployment, sales, etc., and it shows that, relative to our trading partners, Canada has done very well. It is clear that Canada has made very significant progress in lowering our rate of inflation and the rate of wage settlements. The decline in our competitive position, particularly when compared to the U.S., has been significantly reduced and this is an essential precondition to sustained economic growth and improvement in the unemployment situation.

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The Minister of Finance in his budget speech underlined the interrelated nature of inflation and unemployment. He emphasized the key importance of reducing inflation and controlling our costs. The anti-inflation program is achieving this result. The budget provided additional financial resources to the private sector which will encourage business enterprises to make the capital investments which are needed to create new jobs.

The unemployment figures will be reduced only by measures which deal with the real economic problems which face Canada and, indeed, all of our economic competitors. The federal government recognized this: this was the basis for the