

stronger leadership in Ottawa. We must resist the current feeling that there must be more and more government spending and government involvement. It is hurting, not helping our progress.

I suggest to my friends to the left that our free enterprise system, for all its faults, has at least made this country prosperous.

An hon. Member: The workers did.

Mr. Stevens: But I would also suggest that it is a mile ahead of whatever is running second. Some like to proclaim the inevitability of the demise of this system. I suggest that there is no way in which this system will fall into a demise if we are alert. The fact is that our economic system has raised us from a poverty ridden group of colonies, where 95 per cent of the people were poor by any measure, into a great agricultural and industrial power. We now define poverty in this country at an income level that is higher than the average income level of the world's strongest communist nation, and at a level higher than the average income in 80 per cent of the nations of the world. Yet our government, through its inaction and misdirection, has placed this system in jeopardy.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, it will be very interesting to see the hon. member for York-Simcoe (Mr. Stevens) rise in his seat after his attack on the horrors of socialism and the horror of this party and vote in favour of the motion put forward by this party which calls for more government investment planning. It would be interesting to see him support that motion, as his leader will do, after the speech he has just made.

I must say at the outset that when I heard the Minister of Finance (Mr. Turner) today I thought for a while I was seeing the ghost of the Leader of the Opposition (Mr. Stanfield) of a year or so ago, or of the hon. member for Don Valley (Mr. Gillies) retreated, because the minister's speech was like a rereading of their speeches.

With the wealth that we have in this country and with our resources it is a real tragedy that we have so much inequality and so many inequities between those who have money and the working people who produce the goods and services.

We have a government that claims it cannot do anything for the fundamental reason that it believes in the so called free enterprise system and free marketplace. Of course that no longer exists because today we have large corporations that make the decisions affecting the lives of every Canadian. We do not have the old free marketplace. The Minister of Finance in that type of situation is like an economic eunuch. He does not have any power whatsoever to guide the economy. The only thing he can do is to point a finger at another scapegoat, and the scapegoat that he has chosen on this occasion is collectively the working people of Canada.

Liberal governments have often chosen scapegoats in the past, and now in the recent statements they made they are attacking the working people who, they say, are responsible, because of their wage demands, for a push in the inflationary spiral. They say that the trade unions are responsible. I disagree. It is a highly irresponsible statement that is far from the truth.

The Canadian Economy

I want to spend a few minutes this afternoon speaking about the government's consensus proposals. I believe these proposals are both misguided and unfair. They are misguided in terms of the entire economy, and they are unfair to the working people from one part of the country to the other. They fail to address themselves to the very serious economic problems. They constitute an economic package that runs the risk of aggravating these problems. We are now in a serious recession in our country. The real gross national product fell by 1.3 per cent in the fourth quarter of 1974. After two quarters of stagnation, today's figures show a 2.8 per cent decline in the industrial output index which, adjusted over a year, represents a drop of some 11 per cent in 1975.

All this makes it very clear that we are now in a very serious recession in Canada, despite the predictions of the Minister of Finance last November when he spoke about a real growth rate of some 4 per cent.

Unemployment at a seasonally adjusted rate was 7.2 per cent in both March and April. We now have the highest unemployment rate of any time since the summer of 1961, and economists are predicting that by the end of this year our unemployment rate is likely to hit 8 per cent, and that perhaps one million Canadian people will be looking for work between Christmas and the succeeding year. Housing starts are down for the first month of this year and are running at about 50 per cent of the rate in 1974.

It is clear that we now need a substantial stimulation of the economy to get it moving again, to build homes, and to provide jobs. Our emphasis in parliament must be to create jobs and to stimulate and expand the economy. In fact the Minister of Finance himself from time to time in the past has recognized the urgency of the problem. He had even recognized the fact that higher output and production, a buoyant economy, in the long run are the best means to combat inflation in this country.

In its speech from the throne on September 30 last the government expressed the view that "higher production, not lower, is essential to slowing down price advances". I wish that it would follow its own advice in the month of May. In the budget of November 18 the Minister of Finance said that "the first essential is action to sustain demand". In a speech to that great workers' club, The Canadian Club of Toronto, on January 27, the minister explained that:

The budget last November—was considerably more expansionary than that in May because of our recognition of the need to offset the economic drag imposed by continuing stagnation abroad.

In the same throne speech the Minister of Finance quoted with approval the review of the C. D. Howe Research Institute, as contained in its "Policy Review and Outlook for 1975," that it is an expanding economy that in time will enable us to grow out of inflation by providing the increase in real purchasing power Canadian families need to meet the increased cost of food and energy.

● (1730)

The Minister of Finance and his advisers said a few months ago that we need an expanding economy and we need to create jobs. But what happened to that analysis in the last few weeks? It disappeared and was replaced by an attempt, subtle and unmistakable, to lay the blame for all