

Hon. John N. Turner (Minister of Finance): No, Mr. Speaker.

Mr. Gillies: Why is the government therefore following a policy, as indicated by the rate of decline in the real domestic product, of slowing down the economy?

Mr. Turner (Ottawa-Carleton): Mr. Speaker, as I have said in a couple of speeches before the House, during the last quarter of 1972 and the first quarter of 1973 the economy expanded at an unsustainable rate of about 12 per cent. It was expected that the economy would have to moderate its expansion and it is presently on target at about 7 per cent in real growth for 1973.

Mr. Gillies: Is the Department of Finance taking the position that this slowing down in the rate of growth of the economy is essential to moderate the rate of inflation?

Mr. Turner (Ottawa-Carleton): Mr. Speaker, that is not the way I would put it. It is obvious that what we want to do is take whatever heat is in the economy and moderate it in a fashion that we can sustain long-term growth without risk of a recession. This moderation which continues the expansion we have experienced but at a rate the economy can sustain is, I believe, a healthy way to run the economy.

Mr. Speaker: I will recognize the hon. member for Don Valley for a third supplementary and then the hon. Leader of the Opposition, followed by the hon. member for York South.

Mr. Gillies: Mr. Speaker, I am sorry to abuse the privilege but I am very interested in this point. Why is the government taking the position that it is necessary to slow down the rate of growth in the economy if it is so certain that the inflation we have—

Mr. Speaker: Order, please. The question asked in those terms is argumentative. The hon. Leader of the Opposition.

CAUSE OF GROWTH IN RATE OF PARTICIPATION IN WORK FORCE

Hon. Robert L. Stanfield (Leader of the Opposition): Mr. Speaker, I have a supplementary question for the Minister of Finance with regard to the growth in the rate of participation in the work force. Is it the view of the minister and his advisers that the increased percentage of participation in the work force as far as the population of the country is concerned is in any way the result of the rapid rate of inflation which is causing other members of families to seek work who would not find it necessary except for the rate of inflation?

Hon. John N. Turner (Minister of Finance): No, Mr. Speaker. It is the view of the government and the Department of Finance that the increase in participation in the labour force is as a result of the expansion of the economy which is providing more jobs.

Some hon. Members: Oh, oh!

Oral Questions

Mr. Speaker: If the hon. member for York South will be patient with the Chair, eventually we will get order and he can ask his question. The hon. member for York South.

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ENERGY

COST FACTORS INVOLVED IN ENERGY BOARD DECISION TO PERMIT INCREASE IN PRICE OF NATURAL GAS—EXPORT PRICE

Mr. David Lewis (York South): Mr. Speaker, my question to the Minister of Energy, Mines and Resources arises out of the approval by the National Energy Board, and I assume by the government, of an increase of 10.7 per cent requested by TransCanada Pipelines in the price of natural gas. Can the minister inform the House what cost factors required the National Energy Board and the government to approve this increase and what other reasons there may or may not have been for the approval?

Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources): Mr. Speaker, under the National Energy Board Act this is one of the areas where the board acts within its own jurisdiction without referring it to the cabinet. However, the cabinet, of course, will accept the judgment. The specific reason cited by the board is the increase in natural gas prices as a result of action by the Alberta government.

Mr. Lewis: May I ask the minister whether he has been in touch with the board about this proposed increase in the cost of natural gas to consumers, and has he any information whether the increase will apply to domestic use as well as industrial use and, if so, what justification there is for that?

Mr. Macdonald (Rosedale): Mr. Speaker, I should explain that parliament, under the act, has put this question of determination of rates exclusively with the board. The board in turn does not make the choice in terms of deliveries between domestic and industrial users. It merely delivers it to the wholesale utilities in the provinces. In the case of Ontario, the Ontario Energy Board would determine how the increase should affect domestic or industrial users.

Mr. Lewis: Mr. Speaker, I am surprised that the minister has not interested himself in that problem. I appreciate that exported gas is based on some 105 per cent formula with competitive fuels, but can the minister assure the House that export contracts will be renegotiated to ensure that any price increases to Canadian consumers will be reflected in a price increase for exported gas?

Mr. Macdonald (Rosedale): Mr. Speaker, the government would go further than that. Under the regulations established by the government in 1970 and pursuant to other action we will be taking, we will be seeking to increase the export price of gas not just to the level paid by Canadian consumers but to the appropriate competitive level in the export market in which it is sold.