

Cost of Living

ly zero. Since 1967 the banks have entered the mortgage market. Last year the annual rate was \$3 billion. This year the amount of funds put into the residential mortgage market is \$4,100 million, an increase of \$1,100 million in a single year.

I now want to deal briefly with the comments of the Leader of the Opposition about unemployment. I have said in the House that I am not satisfied with the seasonally adjusted unemployment rate any more than he is. But to attribute that, as he attempted to do, to weakness in the economy is just not consistent with the facts. I think we are entitled to look at the number of new jobs that the economy has created. I have told the House, and I now repeat, that comparing August 1973 with August 1972 the number of new jobs in this country is 464,000. That is an extraordinarily high increase in the employment rate.

If I can take the first quarter with the second quarter, I have said in the House before that when you take the rate of growth in real terms over the last quarter of 1972 and the first quarter of 1973, discounting inflation of 12 per cent, that rate of growth could not possibly be sustained without damaging the economy. The second quarter taken together with the first quarter—

Mr. Stanfield: Take it by itself.

Mr. Turner (Ottawa-Carleton): Very well; taken by itself it is an inevitable result of the shortages of materials, bottlenecks in production, of a necessary levelling off of the economy. Taking the first two quarters of this year, the economy has been growing in real terms, discounting inflation, of 9.4 per cent seasonally adjusted. I stick to the prediction that I made in this House on February 19 when I brought down my budget that the real growth in this country for the year will be 7 per cent. I still hold to that.

The Leader of the Opposition has fun saying that we should blame the weather, blame strikes and so on. I also said in my budget that when you try to attempt to predict what the economy is going to do you are dealing with human affairs, not dry statistics. The problems in this country are not simply statistical; any economist must learn that. The problems of this country are human problems. When you look at what the economy can do, you have to judge on the basis of reasonable management-labour peace; you have to judge on the basis of reasonably good crops; and you have to judge on the basis of reasonable international stability. As the Prime Minister pointed out earlier this afternoon, the economy is not static, it is continually responding to human affairs, both domestically and internationally. Therefore, if any of those bases to which I have referred are interrupted or interfered with, then that affects one's forecast and that forecast has to be adjusted.

In summarizing, Mr. Speaker, may I say that the type of inflation that is facing us the present time is caused by the simultaneously strong demand everywhere in the world for a limited supply of goods. No one country alone can stem that tide. While the Conservative leader may want to pose in cosmetically political terms as a King Canute commanding the world-wide inflationary waters to recede from Canada, when we are one of the great traders of the world involved with world prices, if he thinks that that is going to command the support of the sensible majority of

[Mr. Turner (Ottawa-Carleton).]

the Canadian people at this time, then I do not believe he is thinking in politically realistic terms.

The government is doing everything reasonably possible to maximize our own supplies, in the process increasing national output and incomes and employment, while at the same time minimizing the erosion of the incomes of those who stand to be most hurt by inflation. It is important that we ensure that our rate of inflation in Canada does not significantly exceed that of our leading industrial competitors. That puts a heavy responsibility on all Canadians. It puts a responsibility on business not to seek to raise prices in order to meet every rise in costs. But their profit picture is improving. It puts a responsibility on labour to ensure that, although they get a just return, they do not try to escalate that return. It puts a responsibility on governments, federal and provincial, not to aggravate inflationary pressures. If this is not done, the result of such a course could only be an accelerating spiral of costs and prices that would intensify inflation, jeopardize Canada's international competitive position and impede the growth in future of production and employment. We have been down that rocky road before and I do not believe many Canadians want to travel it again. I hope and I believe that we Canadians have enough plain, ordinary commonsense to avoid that destructive course, and instead that we are going to work together under realistic policies to meet the world as we find it and achieve the goal of steadily improving a standard of living that all Canadians can share.

● (1640)

Some hon. Members: Hear, hear!

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, the debate on the cost of living in Canada has unfortunately taken on an aura of windy familiarity; a windy and unsubstantial familiarity, I might say. Nothing new has been added during the debate on this subject which actually began last Monday. On the one hand, the Leader of the Opposition (Mr. Stanfield) has reiterated Conservative policy of systematic controls on everything in the country, systematically disregarding all the available evidence as to the utter disaster resulting from such controls in the United States and in Great Britain, and thus totally ignoring relevant evidence which it seems to me any responsible political party should be considering before offering a convenient political gimmick that may or may not be appealing to some sections of the population of Canada. On the other hand, we have heard the Minister of Finance (Mr. Turner) in reply deal with nothing new, except to point out in reference to interest rates what his government did a few years ago in allowing the banks to get into the mortgage market. I want to deal with that point at some length in a moment.

We watched the Minister of Finance provide great emotional blather for his Liberal troops by referring to the contradictions offered by the Leader of the Opposition, without announcing anything new in the way of policy. The Minister of Finance has correctly reasserted that his government has taken steps to ease part of the problem of inflation in terms of the incomes of our senior citizens, the incomes of our veterans and the incomes of Canadian families by way of family allowance increases, and so on.