

*Canadian Economy*

and then more particularly on a few aspects of the anti-inflation program introduced in the House of Commons eight weeks ago. Those two problems are important, not only for Canada but for the entire world. I noted it in the motion of my colleague, the hon. member for Richmond. It is quite important in assessing the responses of the Canadian government to compare them with the responses of other governments and to consider also the conditions in other countries in comparison with the progress made in Canada.

[English]

As I was saying, the two questions of unemployment and inflation are questions which are of grave concern not only to us in Canada but to the broader world. The response to the hon. member's motion, as indeed the response to these problems, must therefore be measured against a wider backdrop. The motion put forward by the hon. member does provide an opportunity, on a day when we have seen the result of the Statistics Canada "Survey of Employment in Canada," to make some observations on the subject of unemployment and the difficulties we have been facing with a high unemployment rate, one at almost the same level on a seasonally adjusted basis since the spring of this year.

There is little in the statistics we saw today which could give anyone much satisfaction. Those who read the rules of economic prediction and from time to time seek to analyze the figures and draw conclusions about a trend, find, curiously, some support for the conclusion that the strengthening of the level of employment of males in the work force and females over the age of 25 indicates a strongly positive cyclical factor and may justify the prediction of a strong recovery within the Canadian economy in the quarters to come. Nevertheless, we cannot do any more at the present time than draw some hope from the figures. There is no ground for satisfaction.

● (2030)

One of the difficult questions of policy making with which we have been faced in this country is how to deal with two economic problems at the same time. One of the difficulties about proposing solutions is that one should not, on the one hand, undertake public expenditures which, while they might have a significant effect in terms of reducing unemployment, also run the risk on the other side of substantially increasing the rate of inflation in Canada. I suppose that the best sources one can look to in this regard are those in the Canadian business community who, from time to time, have to make decisions on the basis of government policy, so as to see the kind of conclusions they have drawn as to the extent to which we have arrived at some kind of balance.

Let me refer to the 1975 fall issue of Canada's *Business Climate*, issued by the Toronto-Dominion Bank, which put it in this way:

In spite of the serious reversals in housebuilding activity and the external trade balance, Canada's recession was shorter and milder than elsewhere in the industrialized world. Among the factors contributing to this was the sustained strength of business investment and, even more important, the federal government's swift move to an expansionary policy of tax cuts early in the recession. The speedy response helped prevent a serious erosion in consumer confidence and enabled the

volume of consumer spending to continue to increase for 1975 as a whole.

One is faced, in reading the conclusions both of the academic economists and those writing for the business community, with an ambivalence that occurs at all times. For example, Professors Wilson and Jump of the University of Toronto's Institute for Policy Analysis expressed regret at the June budget, having the feeling that it would have a contractionary effect on economic growth. They added that the contractionary impact of the budget on consumer spending would be magnified if the announced policy of expenditure restraint were put into effect this year.

So there you have it, Mr. Speaker. Side by side, or one after the other, you have the comments of the Toronto-Dominion Bank to the effect that the policies of my predecessor in budget making were of considerable benefit in cushioning the effects in Canada of the very much more serious recession that was felt in other parts of the world; and you have the concern, on the other hand, that the budget had not gone far enough.

Turning to another banker-economist, John D. Parish, senior assistant economist with the Bank of Montreal who warned in mid-September that heavy-handed policy actions aimed at fighting inflation by restricting the economy would mean a renewed period of recession before mid-1976. There is a third, qualified opinion indicating that our most serious concern is that expenditures in Canada should not be cut down at too great a rate lest there be the risk of increasing the level of unemployment in Canada.

This is a comment that should be set alongside that of the 17 economists led by Messrs. Crispo and Hartle, who have directed themselves to the question of inflation only, turning a blind eye to the fact that the kind of policies which they advocate may indeed be very successful in dealing with inflation in a harsh way but bring with them the very substantial risk that the rate of unemployment in Canada will be increased.

Going back to the first of my quotations, I would say to Messrs. Crispo and Hartle that they should consult their colleagues who are professional economists, and see if they can get together and form some collective opinion that will perhaps offer some more balanced solutions to the economic problems facing us at this particular time.

The second of the questions which the hon. member has raised in his motion concerns inflation. I suppose there has been no question that has absorbed more hours of parliamentary time since we resumed on October 14 than inflation, from the first day's discussion in general terms of the government's proposals to meet inflation, and then the specific terms of Bill C-73. I am not going to go over once again the broad terms of the program or the details of the bill, but in response to that part of the hon. member's motion which relates to whether or not there is perceived to be foresight or leadership in the program may I refer this time not to professional economists but to the Canadian people themselves. Let me put on the record the reaction of Canadians obtained in recent weeks by various surveys, one by the CBC and Radio-Canada, and another by the Gallup poll.

In the survey conducted for CBC News between November 25 and December 2, 61 per cent of Canadians, or nearly