

An hon. Member: That's a myth.

Mr. Trudeau: The hon. member in the NDP says it is a myth. It may be a myth today, but it was not a myth in the second quarter. These are the figures the hon. member can confirm from the Bureau of Statistics. Today, it is a little less because of devaluation. I think probably, at the latest value of the Canadian dollar, Canadian average wages in manufacturing are only, perhaps, about 2 per cent higher than in the United States. But productivity is still 20 per cent lower. So it is obvious that either our prices are too high or our productivity is too low. It is also obvious that the head-in-the-sand attitude of the NDP in these matters—that of feeling there is no limit to what wages can attain in this country—is one of the causes of our economic distresses.

● (1632)

Some hon. Members: Hear, hear!

Mr. Trudeau: If it is true that our present malaise comes from living beyond our means as a nation, the remedy should be rather simple. It should be to live within our means. Here, again, I am saying that to live within our means as a nation we must produce more if we want to continue to consume as much. I know that our government and other governments in Canada have made the mistake, as I said earlier, of trying to give too much to the Canadian people by way of social benefits, without Canadians being prepared to pay for them in terms of slowing the increase in their real gains. We have in the past two years attempted to correct that situation. The President of the Treasury Board (Mr. Andras) and his predecessor have not only indicated the extent of their commitment in this regard, but have shown they can reduce government expenditure and slow down dramatically the increase in the size of the civil service.

Obviously, though, in a situation of high unemployment more than simply controlling expenditure is involved. We are constantly pressed on this side by our own members and by members opposite to spend more on this or that worthy project. Indeed, on the very first day the House sat this week, on Monday, there were several motions from opposition parties urging the government to spend more in particular areas of the country or on particular sectors of the economy. We have to show restraint, but it is clear that without taking the position of being the employer of last resort or otherwise, the government does feel it has a commitment in the area of direct job creation.

This year we have budgeted \$350 million for direct job creation. Recently, that amount was increased by some \$100 million and, if I may scoop the Minister of Finance (Mr. Chrétien), I have reason to believe that tomorrow he will announce the allocation of a further \$150 million in the area of direct job creation.

Some hon. Members: Hear, hear!

Mr. Trudeau: So this year and next the federal government will spend more than \$1 billion on direct job creation. Every-

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one realizes that jobs can, in a sense, be created by government, but the majority of jobs must, under our system, continue to come from the private sector as a consequence of private investment. In the last budget the government did provide tax incentives for private investment. We did what we could, in that sense, to demonstrate confidence in the economy. But it is absolutely certain that the greatest incentive to investment and economic growth in this country cannot come from government spending on job creation. It must come from a renewed sense of confidence within the business community. This is essential. It could, of course, come from the stable kind of policy for which the Leader of the Opposition is asking, but it must also be accompanied by the belief of investors that there will not be a new outbreak of cost increases since, if my analysis is correct, such increases are among the most serious causes of our present economic difficulties.

So the government acted, and continues to act, to bring costs down. Three areas are worth mentioning: first, the Anti-Inflation Board. We have brought costs down. I realize that the policy of the opposition parties is to get rid of the Anti-Inflation Board. They have been wanting to do that, in one case, I believe, for the past two years, and in the other for perhaps a year. But we have brought average wage settlements down from 22 per cent in the first half of 1975, before the AIB was established, to 14 per cent in 1976, and to 8.5 per cent in 1977.

We have brought costs down, and at the same time the consumer price index has been going down. If you look at the period of two years during which the Anti-Inflation Board has operated, we are on target. In the first year we did better than had been planned; we brought inflation down faster than the guidelines had foreseen. This was in some substantial measure due to the fall in food costs, as the opposition has always reminded us. In the second year we did not do quite as well, food prices were not as favourable. But on the average, over two years of controls we are just about on target. We have brought costs down and we have brought the consumer price index down.

Some hon. Members: Hear, hear!

Mr. Trudeau: A few minutes ago we were enjoined by the Leader of the Opposition to get rid of controls. Mr. Speaker, we would like to do that. We would like to get rid of controls. But the fact that we are now bringing inflation down from double-digit figures to lower levels must not lead us into believing that this catching up is sufficient, because we still have the legacy of unemployment which persists from the fact that our cost structure for the past several years has been much higher than that of our competitors.

We have always said we would get rid of controls. We want to get rid of controls. We attempted to get rid of controls last summer, when the minister of finance was working toward the date of October 14. But we would only do so if we had an expression of the willingness of the unions and the employers to co-operate in keeping the lid on inflation. In other words, as we said when we brought in controls in October of 1975, we can only give Canadians the opportunity to express a resolve to