

in Canada was caused primarily by domestic cost-push forces, the member for Don Valley last February, as found on page 1561 of *Hansard* for February 22, urged the adoption of wage and price controls. He contended this would bring the inflation rate down to 3 per cent, solving the inflation problem in the way that it was allegedly already solved in the United States. That is what he indicated in his speech. We asked for the Conservative studies on inflationary forces based on cost-push rather than demand-pull. I asked for them through my department. I have not yet received those studies. I wonder how they would contribute to the intellectual economic climate of the country. Where are the studies? If there are studies, why have they never been produced?

Let us have a hard look at the facts. What is the major source of inflation? The recent OECD survey of Canada concluded that it "can mainly be attributed to the price boom on international markets."

As every member is well aware, the prices of agricultural commodities, raw materials and petroleum have increased over the past several months at a rate never before experienced in our peacetime history. Consider a few products traded internationally which we ourselves do not produce in Canada. Over the past year, the price of tin has gone up by 83 per cent, cocoa by more than 90 per cent, coffee by 40 per cent, sugar by 57 per cent, rubber by 85 per cent and rice by 206 per cent. What would the Conservative party do about controlling sharply increased prices for these and many other goods which we import from abroad?

Some hon. Members: Hear, hear!

Mr. Turner (Ottawa-Carleton): Are controls effective in containing inflation and promoting healthy economic growth in the circumstances confronting us today of worldwide inflationary pressures—and let me stress that important qualification? It may come as some surprise to Conservatives, but the answer must be a resounding no. In January the year-over-year increase in the U.S. Consumer price index was 9.4 per cent, compared with an increase of 9.1 per cent in Canada. I am not proud of those figures. I just put them on the record. In Britain the cost of living in January was up by 12 per cent over a year ago.

I know the hon. member for Don Valley does not like us to compare the American situation, although he did that last year when it apparently was running favourably for him. His colleague, the hon. member for Simcoe North (Mr. Rynard), on "The Nation's Business" or some other program last weekend, cited the American figures to the best of his ability, the only problem being he did not have the up to date ones.

Not only have controls in those countries failed to have any significant effect in checking inflation, but they have also impeded economic growth. The British economy and British society are perched on the edge of disaster because of labour's militant opposition to controls. The United States is moving rapidly to dismantle what controls still remain in force because they proved only to increase inflationary pressures by creating artificial shortages and to retard economic expansion. Herbert Stein, Chairman of the President's Council of Economic Advisers, told a joint economic committee of Congress recently that the United

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States had tried the wage-price control "medicine" and found that it gave "temporary relief only, followed by many headaches." Furthermore, he said:

We know that controls won't stop the inflation; they only offer us more and more shortages and inefficiencies.

The Leader of the Opposition tells us that controls are necessary to dampen down inflationary psychology. Where in the world have they been effective in doing that to the slightest degree? He says they are necessary to overcome growing bitterness caused by inflation. I might observe that if his long round of speeches advocating controls provide no solution to inflation, they certainly contribute to the problem by inciting bitterness and inflationary psychology.

In the United States, Treasury Secretary George Schultz has told a congressional committee—the Senate banking subcommittee—that controls, initially so warmly welcomed, have lost public support. Certainly, controls have served only to create bitterness in Britain. This should come as no surprise to the Conservative leader, who warned us several years ago in a speech at the Agudath, Israel's Mens' Club on January 31, 1971, that controls would cause "untold resentment among groups and individuals who felt unfairly done by, and would result in a climate of constant confrontation." One year after the Conservatives first proposed the adoption of a wage-price control program following a 90-day freeze, we are still waiting to learn just what kind of a program they have in mind, what limit they propose to impose on wage and price increases, and why they consider such a program would be any more effective here than programs carried out in the United States, Britain and other countries in reducing inflation without retarding economic growth. Surely the idea of establishing across the board controls covering virtually all wages and prices in the circumstances confronting us today of strong worldwide inflationary pressure has by now been totally discredited on every count.

I shall conclude in a few moments. Let me underline one simple but important fact. Because they do not bear the responsibility of office, opposition parties are not obliged to accept the consequences of the follies they often urge us to commit. Particularly in the case of the Conservative party, these nostrums and panaceas change from day to day depending on what it calculates might catch the public fancy at the moment. One day they demand we adopt more expansionary economic policies and the next day they tell us our existing policy is far too expansionary. One day they condemn us for even contemplating the adoption of price and income controls and the next they condemn us for not having done so. They continue to try to foist controls on the country long after their ineffectiveness in existing world circumstances has been demonstrated in one nation after another. As Minister of Finance, I do not intend to be pushed into gambling recklessly and irresponsibly with the future of the Canadian economy.

Some hon. Members: Hear, hear!

Mr. Turner (Ottawa-Carleton): The plain fact is that there are no simple or easy solutions to the inflationary problems confronting us. As I said before, probably no