

TRANSPORT

REQUEST CHAIRMAN OF PRAC APPEAR BEFORE COMMITTEE—
MOTION UNDER S.O. 43

Mr. Arnold Malone (Battle River): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity.

In view of the fact that the Prairie Rail Action Committee has gone far beyond the parameters recommended by Chief Justice Emmett Hall, and has dealt a most destructive blow to the prairie rail transportation system by recommending that 60 per cent of the 2,400 miles of rail line now included under temporary status be abandoned, I move, seconded by the hon. member for Wetaskiwin (Mr. Schellenberger):

That this House request that Fred Anderson, chairman of the Prairie Rail Action Committee, appear before the Standing Committee on Transport and Communications at the earliest possible date.

Mr. Speaker: Such a motion can be introduced for debate, pursuant to Standing Order 43, only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[English]

THE CANADIAN ECONOMY

INACCURACY OF FORECASTS OF REAL GROWTH

Mr. James Gillies (Don Valley): Mr. Speaker, I should like to ask the Minister of Finance why it is that he forecast at the beginning of this year that the real growth in the economy would be 5.5 per cent, that six months later he forecast 5 per cent, and in the recent budget he forecast 4.4 per cent, when it turns out that real growth is going to be 3.8 per cent.

Why is it that his forecasts are, and have been, so inaccurate? They are inaccurate in comparison with other forecasts made in the economy by private forecasters, other agencies and other government officials. Why are the forecasts of the Department of Finance and the Government of Canada so inaccurate?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I made a forecast of 5 per cent, not 5.5 per cent, in October, 1977. I changed it and said the growth would be about 4 per cent.

The problem of forecasting is the same all over the world. For example, in 1977—it was not a forecast—the United States administration said that growth in the first quarter was 5.2 per cent, but after three revisions they found out it was 7.7 per cent. Forecasting is a difficult business, and we are doing

Oral Questions

our best. I would point out that almost 4 per cent growth this year, is still 1.3 per cent more than last year.

Mr. Gillies: Policy-making, under the best circumstances, is always difficult. If it is done on the basis of inaccurate forecasts, it will be wrong. I do not think anyone can argue that the economic policy of this country has not been very good, and one reason it has been poor is because of the forecasts. The Minister of Finance always rationalizes them away.

I am saying that in Canada, nine months ago, forecasts were far more accurate than those made in the minister's department. Why cannot the Department of Finance forecast activities in this economy more accurately, particularly when they have all the resources to do it and when, I presume, we end up having to make economic policy based on what turns out to be inaccurate information?

Mr. Chrétien: Mr. Speaker, I think I was in very good company last year when I forecast a growth of 5 per cent for Canada. The then president of the Conference Board, who is now a member on the other side, forecast a 5 per cent rate of growth for Canada.

● (1417)

Mr. Gillies: Mr. Speaker, I go back to the Minister of Finance. We have increasing inflation, a phenomenal problem in our balance of payments, a declining dollar and rising unemployment, with one million people out of work in a very, very rich country. I do not think anybody wants that to happen, but one of the reasons it is happening, presumably, is that the government is making its policy on the basis of poor economic forecasts.

What is the minister doing about that? Will he try to improve it? Is he not concerned about it? Has he any ideas about how we can make better forecasts and how we can get better information, so that we can have policy which will eradicate or help eliminate some of these dreadful economic problems we are facing? It is no answer for the Minister of Finance to pretend it does not happen. We have poor economic forecasts. What is he doing about it?

Some hon. Members: Order.

Mr. Chrétien: Mr. Speaker, before the budget I had consultations with many economists of this land, the national associations, and so on. Most of the forecasts for 1979 made at that time, pre-budget, were that the growth next year would be between 3 per cent and 4 per cent. In the budget I stimulated the economy to the tune of \$1.8 billion. So with that, adding to the forecasts made before, I think to predict for next year that the growth will be between 4 per cent and 4.5 per cent is not being overoptimistic; it is quite realistic.