

The Address—Hon. J. Turner

reinforced by accelerated outlays on new energy resources, will provide a strong boost to the economy. As the recent OECD survey of Canada pointed out, measures already in force to increase social security benefits to Canadians will help to sustain personal income and consumer expenditures. Because petroleum exports exceed petroleum imports, we should escape from any adverse impact on our balance of payments because of higher oil prices.

But we still face a number of uncertainties. The effect of sharply higher oil prices on global inflationary pressures remains to be seen. Expansion of Canadian exports may be moderated by the effects of the energy crisis in retarding growth of our major trading partners, but by how much it is difficult to determine at this stage. Decisions still remain to be made regarding future oil prices in Canada which bear directly on the level of consumer income and consumer spending and about the division of oil revenues between governments and companies.

[Translation]

I proved well enough a while ago that the Progressive Conservative opposition erred completely in its assessment of the state of our economy last year. Small wonder then that it should have been led into compounding the error by advocating economic measures that were absolutely inappropriate and could have had disastrous effects on production.

They themselves recognized it to some extent later on through the hon. member for Don Valley (Mr. Gillies) who, for a while last fall, did a complete turnabout on financial, monetary and exchange matters, as compared with his previous stands. More recently, he started to change direction almost daily, like a weathervane, by proposing opposite economic measures.

A year ago February, as I pointed out previously, the Conservative financial Troika contended the fiscal stimulus proposed in the budget fell substantially short of that required to stimulate strong economic growth. The member for Don Valley (Mr. Gillies) called for a budget deficit on a national accounts basis of more than two and a half times that I projected, or more than \$2½ billion. He maintained that Canadian growth would be retarded because of the appreciation of the Canadian dollar to around parity with the U.S. dollar. On February 22, 1973, as recorded on page 1559 of *Hansard*, he said:

We know that in Canada we have never had really high levels of prosperity since the dollar floated up in value.

In a press release issued on behalf of his party on March 21, 1973, the member for Don Valley suggested that monetary policy, in addition to fiscal policy, was also too restrictive. "There is growing evidence," he claimed, "that the Finance Department and the Bank of Canada are not seriously committed to creating full employment and are going to shift both fiscal and monetary policy to fight inflation by constraining demand and stalling maximum job-creation."

It was in a speech to the Empire Club of Toronto on October 25, 1973, that the member made complete and astonishing about-turn. He listed three major causes of inflation in Canada: excessively expansive fiscal policy, when he had been calling for more expansion; excessively expansive monetary policy, when he had been arguing for

[Mr. Turner (Ottawa-Carleton).]

more expansion; and depreciation of the Canadian dollar along with U.S. currency in relation to the currencies of other industrial nations. He deplored the fact that, in his words, "we continue to follow an expansionary fiscal policy long after it was clear that it was having a strong inflationary force in the economy without doing much about unemployment." I cannot help but wonder, Mr. Speaker, when that became clear to the hon. member.

Some hon. Members: Hear, hear!

Mr. Turner (Ottawa-Carleton): He deplored what he alleged to be the "easy money policy" being pursued by the government and the Bank of Canada, contending that an increase in credit beyond the real growth rate of the economy was a major contributor to inflation. It was only a few weeks before in the House of Commons, on September 10, 1973, that in the course of pursuing the same theme the member at the same time accused the government of following a "tight money policy" and an "expensive money policy."

Finally, the member expressed grave misgivings about the fact that the Canadian dollar had depreciated along with the U.S. in relation to other currencies, the clear implication being that Canada would have been better off if the Canadian dollar had also appreciated in relation to the currency of our most important trading partner. What then, Mr. Speaker, are we to make of his earlier claim that Canada had never really been prosperous since the Canadian dollar rose to parity with the U.S. dollar?

The Conservative leader has spoken frequently about the fundamental need to pursue "judicious fiscal and monetary policies." Having said in October that our fiscal and monetary policies should be far more restrictive, the member for Don Valley in the House on November 29, page 8257 of *Hansard*, questioned when I was going to bring in "new monetary and fiscal policies so the economy will not slide into a serious recession." At the time I presumed he was now advocating adoption of more expansionary policies. But on December 11 and again on December 13, pages 8615 and 8699 of *Hansard*, he asked whether I believed nothing could be done through fiscal, monetary and exchange policy to moderate inflation. Obviously he was advocating that fiscal and monetary policy should be more restrictive and the exchange rate somehow pressed upward.

I can only conclude, Mr. Speaker, that in the mind of the Conservative party a judicious monetary and fiscal policy is expansionary on Mondays, Wednesdays and Fridays and restrictive on Tuesdays, Thursdays and Saturdays.

Some hon. Members: Hear, hear!

Mr. Turner (Ottawa-Carleton): Hopefully, on the seventh day they will rest and try to reconcile what they did the rest of the week.

Some hon. Members: Hear, hear!

Mr. Turner (Ottawa-Carleton): Because they totally failed to appreciate the nature of the global inflationary problem confronting us, the Conservatives also advocated the adoption of specific policies to deal with it that also amounted to sheer folly. Having concluded that inflation