

Cost of Living

Mr. Turner (Ottawa-Carleton): When the question was put to me by the hon. gentleman last week, I made it very clear that I very much welcome the opportunity, as I am sure the House does, to take part in a debate involving the state of our economy and the particular problem of inflation that confronts us.

May I say at the outset that I find it rather interesting, ironically, that the Conservative party should be condemning the adequacy of the new measures announced by the Prime Minister (Mr. Trudeau) last week to help deal with the problem of inflation, and at the same time supporting each and every measure as it comes in turn before the House.

Some hon. Members: Hear, hear!

• (1530)

Mr. Turner (Ottawa-Carleton): From the tenor of the hon. gentleman's speech this afternoon, it should be apparent that what the debate is all about at this stage is price and wage controls because that is clearly what the Conservative party has in mind for the country when it calls, as did the Leader of the Opposition last Tuesday, and today, for a comprehensive assault on inflation. I believe the new measures announced by the Prime Minister (Mr. Trudeau) further extend and reinforce the major thrust of the past two budgets. Those budgets were aimed at moderating the impact of the rising cost of living on the Canadian people, tackling the basic issue of inflation by increasing supply and at the same time stimulating strong and balanced growth of national output, of jobs, and of the real income of Canadians.

Because of the nature of the motion put forward by the Leader of the Opposition, I want to deal with the contagious problem of inflation, one which continues to be of great concern not only to those of us who live in Canada but to the citizens of every other industrial country in the western world. It can only be considered, however, against the perspective of the developing economic picture both here and abroad. Looking at the Canadian economy, first, in terms of national output, I think we are entitled to put before the House the fact that over the course of the past nine months the Canadian economy has grown at close to a record rate, in fact, at a rate which was obviously unsustainable. The moderation in the rate of the growth of national output during the second quarter of this year, as reported by Statistics Canada, last week better ensures continuing expansion in line with its long-term potential. Over the course of the first half of 1973 the economy has grown more quickly than at any time since 1966 with real national output expanding at a seasonally-adjusted annual rate of 9.2 per cent.

Let us turn, now, to the labour force. As a result of this rapid upsurge in economic growth, the number of new jobs created for Canadians during the first seven months of this year has increased by 411,000, a record rate of increase in employment and one which far surpasses that of any other industrial nation in the world. In July, the year-over-year rate of growth of employment in Canada was 31 per cent greater than in the United States.

Some hon. Members: Hear, hear!

[Mr. Turner (Ottawa-Carleton).]

Mr. Turner (Ottawa-Carleton): The substantial number of new job opportunities opened up as a result of sharp economic growth has also produced a record expansion in the size of the labour force, which in the first seven months of this year was up by 4.3 per cent as compared with the average in the same period a year ago. This rate of increase is almost 60 per cent above the average yearly rise between 1973 and 1975 projected by the Economic Council in its last annual review. The substantial expansion in employment has led to a sharp reduction in the number of Canadians without work. Indeed, in July the seasonally adjusted level of unemployment was down to 5.2 per cent and with respect to those without work seeking full-time jobs the rate was 4.8 per cent.

[*Translation*]

Obviously, unemployment at the level I just mentioned is still a subject of concern. However, to bring this problem down to fair proportions it should be recalled that today's unemployment rate would be appreciably lower without the extraordinarily high input of Canadians onto the labour market, input which far exceeds the rate which could be expected with the normal increase in the number of Canadians old enough to work.

It is to be hoped that the trend of the unemployment curve will be downward although monthly variations can be expected. Those variations are often caused partly by sharp and erratic changes in proportion to the movements of a mass of young people old enough to work and who join the labour market or leave it. We have had an example of this in July when for reasons still undetermined a substantial reduction in the proportion of young people from 14 to 24 belonging to the working population and the comparable reduction in the proportion of employed people occurred. In the statistics of the next few months some discrepancies may be expected due to the economic disruptions caused by the railway strikes combined with disputes within other major industries.

A shortage of certain categories of labour occurred in several regions of this country while the unemployment rate is still unsatisfactory in many low growth areas. A number of federal programs are still aimed at solving these chronic problems and mainly during the winter months. The government has already announced expenditure programs amounting to \$100 million under a new local initiative program and a federal program providing for the employment of a large proportion of labour. Furthermore, \$275 million are always available under the winter employment fund to help finance investment projects providing employment at the provincial and municipal levels.

[*English*]

I turn, now, to personal incomes, spending and savings. The strong growth of production and employment has brought about a substantial increase in the personal income received by Canadians and, in turn, a very large increase both in the amount of their spending on consumer goods and services and in the amount of their savings. By the second quarter of this year, personal disposable income, that is, the income available after payment of direct taxes, was up 13 per cent as compared with the level a year ago. Far more significant, however, is that the real increase in the income at the disposal of the average