

Canadian Economy

real problems that face Canada. The Minister of Finance has not tried to gloss over the problems we face and has not tried to suggest they are going to be cured by easy slogans or partisanship of the type demonstrated today by the hon. member for York-Simcoe.

I suggest that other voices have been heard, not his alone, such as the voice of the DECD which has forecast that the expansion in the Canadian economy this year will outstrip that of any other economy in the world. The fact is that reputable people in the business community such as Earle McLaughlin, president of the Royal Bank of Canada, have paid tribute to Canada's performance and its governmental policies. Let me refer to what Mr. McLaughlin has stated. He said that the success can be attributed to the avoidance of economically crippling price and wage controls, the adoption of a deliberate policy of encouraging increased supply to combat inflation, increased output of employment through tax cuts and other incentives aimed at encouraging expanded business capital investment, the maintenance of a reasonably accommodating monetary policy which forestalled the severe credit experienced south of the border, and the maintenance since 1970 of a floating exchange rate.

This is in very real contrast to the comments we heard today by the hon. member for York-Simcoe. In spite of the problems this country faces, more responsible observers have acknowledged the fact that there is no country in the world today whose finances are better managed. The question is not whether the economy is in the strongest possible shape. We are not suggesting today that expenditures have not risen at a very high rate both in government and elsewhere. We are not implying that there are not problems and we are not suggesting that everything that has been done by this government is perfect.

In the area of housing, I hope that in future budgets there will be steps taken that are urgently required to stimulate the housing market in this country. In fact, I hope measures are taken to stimulate the housing market prior to any future budget. The hon. member for York-Simcoe referred to a \$500 million cut in taxes and suggested that that had been recommended by his party. Where were his recommendations during the last election? All we had during the last election were recommendations that the country be placed in a straitjacket, that tight monetary policies be enacted, that the budget be balanced and that there be consumer credit and wage and price controls. This was rejected. The circumstances have changed, and of course the wise and perceptive critics—they certainly are experienced critics—of the opposition have decided that new policies are in order and are attempting to suggest they have already recommended those policies even though the reverse is true.

● (1720)

Mr. Stevens: Stick to the facts.

Mr. Abbott: I am not so sure my hon. friend would recognize facts. The fact is that in 1974, in the first three quarters of the year the disposable income of the average Canadian, income after the payment of direct taxes and after dealing with the impact of inflation, was 4.8 per cent over the level of the year before, in contrast to a decline in the United States. This is a fact.

[Mr. Abbott.]

Mr. Stevens: How about the last quarter?

Mr. Abbott: How about the last quarter in the United States? The point is that relative to the whole industrial world, Canada has out-performed those countries and is being better managed by this government.

An hon. Member: Balderdash.

Mr. Abbott: Madam Speaker, I know there are other members of the opposition who are anxious to tell us what is wrong with the country. I do not wish to take up their time. All I shall say is that the country at large, the international community and almost every sound and sensible observer does not agree with the hon. member for York-Simcoe that our Minister of Finance lacks clout.

Mr. David Orlikow (Winnipeg North): Madam Speaker, I listened with a great deal of interest to the Minister of Finance (Mr. Turner). It seemed to me he said exactly three things. First, he said this country is doing all right. The last speaker said the same thing. Second, he said we are doing better than most other countries. Third, he stated that we will do even better late in 1975 when the United States recession bottoms out. He brought forward as authority for that opinion the Secretary of the Treasury of the United States, William Simon, with whom he has been meeting during the last couple of days.

Let us consider the three arguments the minister has propounded. He said that, really, we are doing all right and that things are going relative well. When the minister says we are doing all right, what does he mean? The facts are that there are well over 600,000 unemployed this month and that the real rate of unemployment in this country is over 8 per cent. The seasonally adjusted rate of unemployment for February was 6.7 per cent, one of the highest unemployment rates we have had since the end of World War II.

When the minister introduced his budget last November he predicted that Canada would have a growth rate of from 4 per cent to 5 per cent in 1975. The fact, as we predicted at that time, is the recession which the United States was into last November has since turned into a real depression and has totally destroyed the unrealistic prediction the minister made as to our growth for 1975.

On March 5, 1975, the *Toronto Globe and Mail* reported that Canada's gross national product, discounting the effects of higher prices, grew only by 3.7 per cent in 1974 according to figures prepared by Statistics Canada. That might be compared with a real growth of 6.8 per cent in 1973, a 5.8 per cent increase in GNP in 1972, and a 5.6 per cent increase in 1971. In other words, in 1974 we had one of the lowest growth rates we have had for many years. What makes this even worse is that the GNP for the fourth quarter, on a seasonally adjusted basis, was up by only .7 per cent—less than 1 per cent. In terms of real growth, the quarter dropped by 1.3 per cent compared with the preceding quarter. This marked the sharpest quarterly decline since the recession of 1960 and 1961.

After a strong first quarter and no growth in the second and third, the economy was operating in the fourth quarter at about the same level as in the fourth quarter of 1973. Those are the facts. This country is in real difficulty. The