

Canadian Economy

performance of the Canadian economy would be very much worse than that of Germany or any other industrialized country. It is quite true that Germany has experienced significantly less inflation than most other industrialized nations. In large part this is the result of severe fiscal and monetary restraints which the government imposed on the economy early in 1973 and maintained until very recently. These restraints served to curtail sharply German economic growth.

German imports were also curtailed sharply, while its exports remained buoyant, which contributed to the substantial appreciation of the exchange value on the market which in turn helped to insulate Germany from inflation abroad. I might add that the moderate claims by German workers for increased wages and salaries have also contributed to achievement of Germany's moderate rate of inflation. Last October, the member for Oshawa-Whitby maintained the exercise of any restraint by Canadian trade unions was "totally insupportable". During 1974 the real gross national product in Germany rose only by 0.4 per cent, compared to the Canadian increase of 3.7 per cent. In 1973, Germany's real GNP rose by 5.3 per cent, compared to 6.8 per cent in Canada. Employment in Germany today is lower than it was in 1963. Unemployment has more than doubled in the past year, to 5.1 per cent, a figure that no doubt would be considerably higher if measured in the same way in Canada with our regional differentials. Germany has announced its intention of reducing its foreign migrant work force from 2.3 million to 1.5 million.

● (1610)

Does the hon. member for Oshawa-Whitby really consider that we should have followed the German example in imposing tight fiscal and monetary restraints on the economy as much as two years ago? Would he consider that the consequent slow growth and sharply increased unemployment which would result in this country because of a very rapidly growing labour force would be a measure of the kind of competent economic management which he espouses? In his words, we would certainly be going somewhere, but hardly in the direction he advocates.

Some hon. Members: Hear, hear!

Mr. Turner (Ottawa-Carleton): What is the NDP position? I have some difficulty here, but I shall do my best to try to reconcile some of the economic pronouncements of the hon. gentleman and his colleagues. The fact is that the NDP has loudly and consistently clamoured for the adoption of policies which are the very antithesis of those followed by successive German governments, including the hon. member's fellow Democratic Socialists who make up the present German administration.

When did the NDP in this country ever advocate even the smallest measure of fiscal and monetary restraint? To the contrary, they have at all times advocated pulling out all the stops, dismantling the brakes and pushing the accelerator down to the floor. Their position at present is no exception to the rule. If anything, the policies they propose are more wildly expansionary and inflationary than any they have ever advocated before.

Some hon. Members: Hear, hear!

[Mr. Turner (Ottawa-Carleton).]

Mr. Turner (Ottawa-Carleton): Hon. members will recall that during the course of the same speech on February 11 in which the hon. member for Oshawa-Whitby, House leader of the NDP, set up Germany as a model for us to follow, he also made a number of proposals which he claimed would deal simultaneously with the problems of unemployment and inflation. He proposed, first, a \$400 tax credit for every Canadian family with two children regardless of whether they were liable for taxes. Second, he proposed payment by the federal government of 100 per cent of all labour costs for municipal public works programs.

Then, third, he proposed the abolition of the sales tax on automobiles after ordering the auto manufacturers to eliminate the price differential between Canadian and U.S. cars. Fourth, he proposed an unspecified increase in the basis OAS and the CPP to provide what he called adequate pensions. Fifth, he proposed an increase in federal civil service salaries equivalent as a minimum to the rise in the cost of living since the last contract was negotiated, plus the increase in economic growth, plus a cost of living adjustment for the future tied to the increase in the consumer price index.

The last two proposals constituted the program advocated by the NDP to disabuse anyone of the idea that it was suggesting for one minute that "nothing could be done about inflation." Of course, neither of these proposals would do anything about inflation. They might help some Canadians to live better with inflation, but they would do nothing to help bring it under control. On the contrary, these measures, together with the others proposed by the hon. member, would only serve to add fuel to the inflationary fire. What would be the cost to the federal treasury of the NDP proposals, in terms of increased expenditures and lost revenue? It seems they have no answer, but that is the least of their concern.

I remember very well that the hon. member for Dauphin (Mr. Ritchie) asked the hon. member for Oshawa-Whitby, during that speech, how much his \$400 tax credit proposal would cost. The NDP House leader replied: "We do not have any precise figure for that." He went on to say:

I can say with reasonably good authority, from a number of economists, that the total impact of this on the situation we are headed toward, would result in a very significant deficit in terms of the federal budget for the coming year. There is no doubt about that, but it is this kind of deficit in our current economic situation we think is not only justified but required.

Those were his words. Even from the NDP that adds up to an incredible piece of mumbo-jumbo. Here we have the principal spokesman in the House of Commons for the NDP telling us in one breath that he does not know how large a deficit would be created by the program his party advocates, and in the next breath telling us this deficit of large but undefined magnitude is exactly what our economy requires in the present situation. He does not know how big it will be, but boy, it is right for the country. Of course, I can understand the hon. member's difficulty in arriving at any estimate of the cost of the program his party advocates since many of the proposals are so vague as to be virtually meaningless. We have it on the authority of the hon. member for New Westminster (Mr. Leggatt), and I am using his words, that the tax credit scheme alone—