

*Economic Growth and Employment Situation*

but he has expressed interest in my speeches on other occasions and I am sure he will read this one. He has attacked the opposition for making proposals, which he claims are unrealistic. Perhaps he should look closer to home. Our policies have not been proven correct or incorrect, because they have not yet been tried in Canada. The minister's policies have been tried and they have been found wanting. Our policies may have not been proven, but his policies have already been disproven. Perhaps he should now begin to look elsewhere; or, if he doesn't want to, someone in the government had better start looking, and soon.

This is a government which likes to develop a reputation for crisis management. First, develop your crisis, then play the role of the White Knight. For example, neglect to use the period of reduced inflationary pressures to properly mount a campaign of voluntary defences against renewed inflation. That is called "letting the crisis build". The next scene in the manufactured melodrama will feature a reluctant, but obviously needed move toward wage and price controls. Then, after blaming everyone else for their own shortcomings, they set up a bureaucratic jungle in which they can hide indefinitely. Make no mistake about it. The word "control" may have a nice, simple ring to it, but it hides a forest of arbitrary decision and potential injustice that should give pause to any realistic administrator.

**Mr. Pepin:** I thought you were in favour of it at the beginning of your speech.

**Mr. Stanfield:** If the minister will follow me carefully, he will have no difficulty. I say that no group in Canada would be unhappier about the imposition of controls than would organized labour. I have said this to the leaders of organized labour and suggested to them and others that it is most important to labour that we achieve voluntary restraint based upon consultation and co-operation. I say the same thing to those in business. We should at this time be giving voluntary restraint a good try in order to avoid the necessity of resorting to compulsion.

● (12:50 p.m.)

The Governor of the Bank of Canada, Mr. Rasminsky, has issued a warning against overheating the economy. With great respect, it seems to me the economy is a long distance from being overheated. The Governor of the Bank of Canada has also said, as reported in the press, that the task of maintaining full employment without inflation is an extremely ambitious one. The report in today's *Globe and Mail* continues:

Indeed, it is not realistic, "to suppose that general financial policies are capable of being so finely tuned that there will always be precisely the minimum amount of slack in the system necessary to keep inflationary pressures in check, never more and never less."

When he refers to it as an extremely ambitious task, and unrealistic, I would agree. One does not expect perfection, but I say there is a great difference between missing a bid to achieve perfection and one's judgment in respect of the kind of massive unemployment we have today. The discontent with the present policies of the

[Mr. Stanfield.]

government are not confined to me. I notice that in the other place a resolution has been adopted asking for an investigation. A Senator, in sponsoring the resolution, if I might quote his words, said this:

I might say that our potential is probably one of the highest of the countries in the free world. However, in exercising fiscal and monetary policy in the past while attempting to achieve the potential growth of the country, we have found ourselves bouncing between high inflation on the one hand and unacceptable unemployment on the other. We agree that these extremes are bad in themselves but, what is worse, they affect the very potential itself.

Presumably those sponsoring an examination in committee hope they can give the government some proper advice. As I said earlier, I do not believe we could achieve our objectives just through monetary and fiscal policies. I believe my view is supported by the Governor of the Bank of Canada when he urged further discussions between government, business and labour to examine the close relationships between prices and incomes and of the role open to each group in exercising restraint. I hope the ministers present will bear in mind the remarks of the Governor of the Bank of Canada in that regard because compulsory wage and price controls would present a host of new problems.

Yet I think this is clearly the way this government is heading, despite the lessons of the past. But what else can one expect from an administration that looks on tinkering from on high as the answer to every problem. What else can one expect from a government that has adopted a policy, for example, of manipulating the economy in a way that has it operating at \$80 million a week below its potential. That kind of old fashioned simplistic manipulation has led us to the point where one of the most serious problems in the country's economy today is a widespread loss of confidence in the ability of the present government to solve, in any human or competent way, the problems of the Canadian economy. Any satisfactory improvement in the unemployment picture will occur only when the private sector feels confident enough to adopt expansionary measures of its own. That confidence can be generated only in a climate of reasonable economic certainty and good faith.

My colleagues and I during the past year have spoken volumes urging this government to change its attitude and remove the uncertainties that militate against the creation of such a climate. We have been joined in this urging by a growing chorus, representing virtually every reputable independent body of economic opinion in the country. In response, the government has not made one effective move. Another budget is due shortly. After the ineffective document that went under that name last fall, the Minister of Finance has another opportunity to do something constructive. He has an opportunity to show us whether he plans to change his present complacent course or whether he plans to continue it even further. This coming budget is of vital importance because it will set the tone of the economy for the next year. It must, therefore, be a budget that will result in stimulated activity and stimulated confidence within the Canadian economy.

**Some hon. Members:** Hear, hear!