

Employment Programs

they would be effective in achieving the desired results is debatable. What is not debatable is the fact that massive new interventions, as some advocate, would take us closer and closer to a different economic system than the free enterprise system that has, by and large, served us so well and has permitted us to enjoy a standard of living and of personal freedom unapproached by nations practising other economic and political philosophies.

In Canada's free enterprise economy, optimum results do not automatically flow from unilateral government intervention. Rather, they result from a combination of public and private decisions, actions and policies when the public input, the government's contribution, creates and maintains the economic environment within which the private sector can make and execute sound decisions.

Canada's economy is not isolated from those of its trading partners, nor from those from whom it receives capital, but we have shown that we do have an important measure of room in which to pursue independent policies with success. That is not to say that we can have our cake and eat it too, for example that we could pursue more vigorous anti-inflationary measures than other countries while maintaining relatively fewer on the public payroll and have less unemployment than them.

It would be most helpful if we could know in advance the degree of vigour with which other nations are going to pursue their economic policies and the measure of success with which they are going to be content. Not knowing these facts in advance means that we are bound to get a bit out of phase from time to time and there is no doubt that Canada's relatively greater success in executing its economic policies can and has on occasion created as well as solved problems. Nevertheless, we must aspire to a balanced economic policy that is best for Canada and hope that, in the long run, our trading partners will do equally well for themselves and thus for the entire economic community of which we are a part.

I have said before and I do not mind saying again that certainly we have more unemployment than we would wish and that is, unquestionably, a personal tragedy for those caught up in it. That would be equally true if Canada's unemployment, seasonally adjusted or otherwise, were 1 per cent or less. This element of personal tragedy is real and will always be real regardless of all the effective measures that governments at all levels have taken to assist the unemployed and to reduce unemployment.

● (5:10 p.m.)

Employment is high, too, and this is no tragedy. Canada's work force is growing faster than the work forces of most other western countries. This growth rate has been about 3 per cent per year for the last three years—last year it was 321,000 workers, or 4 per cent—which means that a great many new jobs have to be created in Canada every year just to keep the unemployment figure—in numbers, not percentages—the same. Last year, employment in Canada, the number of people working, rose faster than that of any other industrialized nation, the United States among them.

[Mr. Mahoney.]

We are accused of deliberately creating unemployment to beat inflation. That is arrant nonsense. It totally ignores the unemployment which would have followed from lost exports had inflation been allowed to continue in Canada. Our 1970 merchandise trade surplus of \$3 billion was due in large measure to our superior price performance and by all traditional measuring sticks that meant over 200,000 jobs; over 200,000 more employed Canadians. The inflation problem common to all western nations has not disappeared and Canada must, and will, pursue economic policies designed to maintain our relatively better performance over the long term.

An area in which we are suffering from no shortage of expert advice is that of wage and price controls. We are indebted to the hon. member for Prince Edward-Hastings (Mr. Hees) for a renewed offering today. It is the main thesis of a number of prominent critics of the government's economic policies that the only way in which inflation can be satisfactorily contained at the same time as an acceptable employment level is maintained, is by the institution of an incomes policy, price and wage controls of some description.

The hearings presently being conducted by the Senate Committee on National Finance certainly provide ample academic and theoretical support for any position one wants to take on this subject. The eminent British economist, Sir Roy Harrod, is reported and quoted as advocating an incomes policy, compulsory if necessary, although he specifically said he was talking about Great Britain and the United States and that he would not like to venture an opinion about Canada. Dr. Richard Lipley, another distinguished British economist presently incumbent at Queen's University was questioning the acceptability and viability of an incomes policy in a free market society, except perhaps on a voluntary basis over the very short term. He also concludes that the incomes policy operated in Great Britain during the late 1960's had, in fact, been inflationary.

Mr. J. Douglas Gibson, an eminent economist from the private sector, sees the answer to be reduced taxes with a consequent increased deficit which he admits would, in itself, be inflationary. He acknowledges that Canada's unemployment problem is different from that of most other countries in that we have rising employment, which is simply not keeping up to the increase in the work force. Mr. Gibson encourages actions which would tend to reduce the exchange rate of the Canadian dollar, while economics professor A. D. Scott of the University of British Columbia contends that the rising exchange rate has neutralized the imported element of our inflation.

It is not my intention to pursue in detail the proceedings and evidence being elicited in the Senate Committee. I have merely cited a few examples to illustrate the diversity of expert opinion available to those who must ultimately decide. Meanwhile we find the Economic Council of Canada advising us that its mandate extends only to medium and long-term matters and constantly reminding us that its comments are directed in accordance with its mandate, to the medium and long-term. All