

*The Budget—Mr. Mackasey*

There is no point in any member of the opposition or anyone else presuming that inflation was not one of the great problems this country has been faced with in the last year or so. It is all too easy to forget that it still lurks around the corner. Learned economists still point out that unless we are very careful, the reinjection of money to prime the pump, as somebody has said, such as money needed to increase housing starts for instance, is a factor that contributes to inflation. I might also mention the \$54 million which will be put into the economy this winter and the \$150 million the provinces will be using for winter works, as well as the reduction in interest rates designed to stimulate operations and expand the economy, all are potential factors in recreating inflation.

● (5:00 p.m.)

One thing intrigued me more than anything else in these contributions to which I have listened today. I refer to the contribution of the leader of the New Democratic Party who on many occasions has emphasized the need for selective controls in the future. This could be the answer. I have heard him use this expression on half a dozen occasions in this House. To this extent, we know that he is sincere in speaking of selective controls. I have heard him on radio and television speak of the use of selective controls. I have never heard him tell us precisely in what areas he would use his selective controls. I do not know whether he would advocate controls in respect of abnormally high wages in the construction area. I do not know whether this is one area he would consider. In all probability, he would place selective controls on the chartered banks of the country. In line with the philosophy or what used to be the philosophy of that party—I am not sure what it is these days but presumably it is the philosophy before the waffle group takes over—I presume the selective controls in this country would be in general against big business just as if big business has no place in the economy.

Big business does generate jobs and the opposition must realize that if we are to have the social policies this country needs, and if we are to create the jobs we need for perhaps the fastest growing force in the world, we will have to encourage Canadian investors, multinational and international corporations to invest in this country, preferably along guidelines that will protect the Canadian economy and prevent further erosion of Canadianism. Nevertheless, I think the suggestion of the hon. gentleman who leads the New Democratic Party that we should be prepared to introduce selective controls might very well be the answer to the next round of inflation. The point I am getting at is that this country can no longer afford the type of unemployment that faces us this winter.

If an unemployment figure of 3 per cent historically has been equated with full employment or what is commonly called the trade-off point or the emergence of inflation, then from that point on, if we are to have full employment, it is obvious that we will have to find something other than simply fiscal and monetary policies with which to conquer inflation. It may be that selective controls would be a solution. Certainly, this would be

preferable to massive unemployment. We may have to introduce controls. They may be selective controls, as Galbraith suggests, over key industries and over key trade unions or over the unions which operate in the key industries such as the steel industry, the automotive industry, the chemical industry and others. He suggests these unions should be controlled because their agreements affect the service industries and the effect on these industries breeds dissension among the low-income workers, so the spiral starts all over again. I do not know whether these are the selective controls to which the hon. member alluded, but they are the controls referred to by Galbraith.

The other method by which to control inflation is voluntary restraint. I think we have gone through a period which indicates that this approach leaves a lot to be desired because there were not too many volunteers. There were very few volunteers in the professional ranks. There were not too many landlords who were prepared to roll back rents. There were not many professional associations, such as architects and engineers, that were willing to roll back their fees. There were not too many people in the medical profession who thought they should reduce their fees. So obviously the villain of the piece was identified as organized labour. The method of voluntary restraint leaves much to be desired because it requires not only the full co-operation of some of the groups I have mentioned, but also requires the full and absolute co-operation of the provinces since we live in a federal state. It is unfair to select labour as the villain of the piece in respect of the workability of voluntary restraint. It is also unfair to presume that the Prices and Incomes Commission did not have any effect on prices.

If the Prices and Incomes Commission had no effect on prices, then big businesses would be tripping over themselves to re-endorse the concept because so long as they endorsed the concept and labour did not it was very easy for them to pinpoint labour in respect of its inability or unwillingness to co-operate. The fact that big business has not re-endorsed the Prices and Incomes Commission is an indication that this commission did have an effect, if only a psychological effect, on prices. With the new policy it will be interesting to see whether or not prices will remain within bounds over the next year or year and a half.

I believe the proposed changes to the Unemployment Insurance Act which will come into effect in July represent legislation which is long overdue. I believe this is the feeling of the committee which is composed of members of all parties in the House. Certainly the co-operation has been extraordinary. The points of difference have been very few. I believe this is a realistic approach to unemployment, or to the problems in respect of a particular group of unemployed, those who are temporarily unemployed or temporarily without earnings.

This legislation is not intended to be, nor will it ever need to be, a substitute for a guaranteed annual income. Nor, indeed, will it be the instrument by which to look at the problems with regard to the permanently disabled, the permanently unemployed or people without work for