

*Government Administrative Policies*

I say furthermore that the government has produced no evidence, nor have I seen any evidence, to suggest that a seasonally adjusted rate of unemployment of 6 per cent or more is necessary as part of an anti-inflationary fight. I say, too, that there has not been the slightest evidence produced by anyone, and by the government most of all, to indicate that an increase in employment to an acceptable figure would in fact create additional inflationary pressure.

There is no excessive demand in this country except in certain special areas such as housing. Nobody can claim that the economy is overheated. Indeed, it is practically turning cold. It is certainly running way below its potential and the forecasts as to the future are very depressing, based not only on the expectations published for businessmen but upon the forecasts made by the OECD.

Housing is an area in which the restraints imposed by the government have added to the inflationary pressures. The poor record of the government in housing in the first five months of the year, its failure to produce nearly enough houses, has imposed further upward pressures on rents and house prices. If more housing units had been built or were being built now, this would not only add to employment but it would become an important part of the anti-inflation fight because it would tend to prevent the escalation of rents and house prices which unfortunately are reflected in the demands put forward for increased wages and salaries. Here is an area in which government policy has not only added to unemployment but has added to the inflationary pressure. The construction of a larger number of housing units would not only provide more employment but decrease inflationary pressures arising from the housing shortage.

The government should remove the 11 per cent sales tax from housing. It should take positive measures to see that more funds are available for housing. I say, also, that with an unemployment rate of 6.2 per cent the government ought to loosen up the screws, because the policy of deliberately creating unemployment is not defeating inflation but only adding to the amount of misery in the country. I am not suggesting for a moment that we should give up the fight against inflation. I recognize that this has to be a long struggle. In some ways, this is an international phenomenon. We have to be both patient and determined. But the government will not necessarily help the country as a whole by

[Mr. Stanfield.]

doing serious damage to half a million Canadians. The fight against inflation has to be pursued not only with tenacity but with humanity. We have no excuse for the way in which we are treating old age pensioners. We have no excuse for the amount of unemployment which has been created. I think also, in passing, that the minister ought to meet with representatives of industry and labour, as labour has suggested. I believe it is the government's responsibility to act directly in this area and not to try to foist it off on the shoulders of some commission which has been set up.

I apologize to the minister. Because of a previous commitment I shall not be able to hear what he says in reply to me, if he does reply directly after I have spoken. I assure him I shall read what he has to say with great care. The Prime Minister has told us that the fight against inflation is Canada's first priority. I say that when the unemployment rate, seasonally adjusted, reaches 6.2 per cent, it becomes a matter of the first priority and something must be done about it.

• (3:50 p.m.)

I say to the minister again there is no evidence that a reduction in this figure would add to inflationary pressure. There is every evidence, certainly in certain areas such as housing, that further employment would reduce the inflationary pressure. I say to the minister and to the government that, without abandoning the high priority of the fight against inflation, the first priority of the minister and the government today is to reduce the rate of unemployment in this country. That, I suggest, has become the first priority. I say in all sincerity that that need not involve in any way an abandonment of the fight against inflation. If the government is to get the people of Canada behind it in the fight against inflation, it must not only convince them that its measures are fair as between labour and business as well as others, and that its package is fair, but it must also convince the people of Canada that its methods are humane. The government must convince the people of Canada that the fight is worth maintaining.

In order to maintain the will of the people of Canada to fight inflation, the government must modify its policies and must bring down the rate of unemployment in this country to a level that the people of the country are prepared to accept. I am not really suggesting that any level of unemployment is acceptable,