

*Anti-Inflation Policies*

tive officer of the Bank of Montreal, said, as reported in the *Toronto Star* of April 20, 1970:

I don't buy the argument that we are importing inflation from the United States or any other country. The root cause of this is excessive non-productive government expenditures.

While not entirely in agreement that all government spending contributes to inflation, certainly I would have to point to the enormous expansion in the goal that we as a nation have set for ourselves in the fields of health, social welfare and education. We have set some lofty goals indeed in these areas. All such services are personal services to the individual, and with the expansion of services in these fields as a result of sociological and scientific advances the ultimate and infinite varieties of services that can logically result from runaway welfare programs can put a serious strain on the gross national product. What I am saying, Mr. Speaker, is that all programs initiated in these fields should take into account the ability of the gross national product to absorb the enormous costs involved. There should, and must be logical and realistic limits to programs of this nature so as not to throw the national economy completely out of balance.

No government, and indeed no member of this Parliament, wants to place limitations on the dollar value of personal services that are made available to the individuals of this country. But it is of little solace to the individual when a government institutes welfare and other social programs with reckless abandon on the one hand and is forced at some later date to tell the country that the programs have pushed us to the brink of bankruptcy.

So much has been said in this House and around the country about the government's infamous white paper on tax reform that I will not dwell on it at length, but I would like to say that the government should scrap the white paper immediately and try to recover some measure of confidence on the part of the people.

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

**Mr. Ritchie:** The extent to which the proposed reforms would alter our economic structure and the manner in which the reforms were presented have shaken the confidence of the Canadian people. Tax reforms should be introduced and implemented gradually only after considerable study and only after the full effect of such reforms on the

[Mr. Ritchie.]

national economy and on the position of the individual taxpayer can be ascertained. Tax reform should not be implemented with a vicious sweep of the axe. In this age of enlightenment, surely we as a people and as a Parliament can institute necessary reforms with more finesse.

We will soon have another white paper to deal with, a white paper on social services. Needless to say, even before it is introduced the proposed white paper on social services is being viewed with suspicion and distrust. It is evident even at this point that the proposed changes in our social services structure will further burden the strained economy of the country, and the government will not be providing equal stimulus to the industrial and economic expansion that will be required to offset the increased cost of the program.

Now, Mr. Speaker, is the time for the federal government to change its monetary policy. This will help to reduce unemployment in the country by stimulating business. Now is the time for the modest lowering of our interest rates and a modest increase in the money supply. It is perhaps significant that in 1969 Canadian investments abroad increased from \$135 million to \$250 million. This represents a sizeable increase of capital outflow and may well be a result of the proposals contained in the white paper.

The government ought to increase the mobility of labour in the various regions and help people engaged in labour to move from one part of the country to another. Further vocational training would also be useful, as would extensive government-sponsored research into questions of what makes areas grow and what helps both individuals and the economy. This sort of program was very successfully undertaken in West Germany, where an experiment was conducted after the war. Attention was focused on those areas that might have created general economic expansion.

I also feel that we could well look at the flexible rate of exchange, which I think would constitute a considerable improvement in our economic policy. Our present exchange policies have, I think, been detrimental to our economy. The main objection to a fixed exchange rate is that it requires a country to pursue domestic policies appropriate to this end and could involve a conflict between balance of payments and dollar stability on the one hand and domestic growth and full employment on the other.