

The Budget—Mr. Mackasey

I think it is significant, too, that the \$54 million will not be taken out of the Unemployment Insurance Fund but will be taken from general revenue. This simplifies the introduction of this change and prevents the necessity for legislation. In addition, it removes the temptation on anyone's part to suggest that the 10 per cent increase, or the \$54 million, should at the same time be accompanied by an increase in contributions.

I think this particular feature of the budget that was announced by the minister the other evening should meet with general approval from the House. Let me make it quite clear that it helps only certain of the unemployed, those who are temporarily without earnings, rather than the chronic unemployed, the underemployed, or people who unfortunately have to live off assistance and welfare. Nevertheless this immediate injection into the economy of \$54 million should in some way help to provide some of the spending power that I think we need if we are going to stimulate the economy in the immediate future to any great degree.

• (4:50 p.m.)

I think the Minister of Finance has already pointed out in greater detail than I could, and I do not intend to repeat, the other features that were announced during the week prior to the budget. I have in mind the increase in war veterans' allowance pensions, and in basic pensions, GIS, etc, all plans which eventually will put into the hands of people many at the bottom level of the income scale in Canada the type of income they need and deserve.

I might sound rather like a heretic if I were to suggest that a country as rich as Canada should never again be faced with this degree of unemployment. People today are interested in the quality of life rather than quantity of life. A better educated work force and, paradoxically, a better educated non-working force will no longer tolerate the booms and busts of our economy. They have been synonymous with most of the economies of what is loosely known as the western world. The targets of this and all future governments should at all times be full employment. I think I am really echoing the sentiments of the cabinet in general, and certainly those of the Prime Minister (Mr. Trudeau), in saying that, everything being equal, this government is dedicated to the concept of full employment.

Full employment is a matter of definition, of course. The Economic Council defines it as 3 per cent unemployment. Others define it as 3.5 per cent, and the actual records I have from 1962 probably indicate that the rate of unemployment in the last decade has been between 4 per cent and 5 per cent. I might indicate as well, in case the opposition feels a little smug or complacent about their own record, that between the years 1958 and 1962 the rate of unemployment in this country surpassed 7 per cent. I am not trying to be partisan by this remark but there is a parallel between the problems which confronted Canada between 1958 and 1962 and the problems that face the country at the present moment.

[Mr. Mackasey.]

Behind unemployment, or contributing to it, has been the repetition or recurrence of inflation. Among our economists, at least those of whom favour, Galbraith, Friedman, Keynes, there is a difference of opinion as to how to control inflation. Traditionally, the manner in which it has been controlled in most countries associated with the International Monetary Fund and similar organizations has been by fiscal and monetary policies.

The Prime Minister or the Minister of Finance (Mr. Benson warned a year or so ago that fiscal and monetary policy control inevitably and unfortunately led to unemployment. It seems to me, as a person who does not claim to be an economist, that the time has come when economists both in the government and outside find a better way of controlling inflation and replace measures that unintentionally put Canadians out of work. I think speakers on both sides of the House have indicated the terrible toll this takes and the lack of productivity it generates. There is a greater need at this time for a better way when the work force of this country, both employed and unemployed, is demanding a better quality of life. People today no longer will tolerate slums or accept unemployment. They will not tolerate pollution and exploitation.

Perhaps one of the phenomena of the present decade, and certainly of the future, is that the people have the media to communicate their discontent. Perhaps what has been overlooked by the House is that as far back as the month of March the Minister of Finance predicted the problems with which we are now faced. In the month of March the government released considerable sums of money into the economy. The chartered banks of the country today have more than ample money available for lending, and interest rates have decreased substantially. This was not the result of action taken last week but the result of action taken last March. This indicates that the Minister of Finance was doing the proper things as far back as March to stimulate the economy, to control unemployment and to reduce the always terrible spectre of inflation which, in the final analysis, is as equally demoralizing as a high rate of unemployment.

The Leader of the Opposition (Mr. Stanfield) and the leader of the NDP as well, as other hon. members in the opposition, are and will logically be talking about the problem of unemployment. They talk about people on fixed incomes and our senior citizens. I am as aware of these people as they are. I am not unaware of what inflation does to these people on fixed incomes. All of us realize there is a limit to what a country of this size with 20 million people can do in the form of desirable social measures. This is a country of many regions with many regional disparities. It does not have the productive capacity of the United States. Certainly, anything is economically possible in a time of full employment. I think the message we should be getting is that we cannot expect both a high rate of unemployment and the high measure of social assistance this country desires and expects. Certainly, none of us appreciates or feels comfortable with certain fiscal and monetary policies that control inflation but result in higher unemployment.