

irresponsible statements, and that to a large extent is why the Minister of Finance—

The Acting Speaker (Mr. Turner): Order, please. I regret I have to inform the hon. minister that his allotted time has expired. He may continue with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, before the House tonight is a very simple motion to let the Parliament of Canada have an opportunity to take a deep look at the various arguments expressed not only in this country but in other countries about the proper way to handle the economic crisis that faces us at the present time. It is not necessary for me to argue over what the parameters of that crisis are. Every person in Canada knows the extent of the rise in prices in the last four or five years, the extent of the insistent unemployment, and certainly the deficit in our budget. Serious-minded people in every country of the world are debating this fact, but here we are being denied the chance to take a deep look at it.

I thought it would be worth while to put on the record what is happening in other countries. For example, the United States has exactly the same type of policies as we have for coping with the same sort of difficulties. They, too, have a deficit; they, too, have a negative balance in international trade; they, too, have high prices. But what are they doing about these things? Are they keeping them quiet, not mentioning them? Let me read what appeared in the magazine *Saturday Review* on January 6 this year. I shall read it slowly because I think it is our duty to listen to this.

There is a new theory circulating around Washington these days that is riding roughshod over the existing debates of the economics profession and the political configurations of contemporary America. It has ambushed the predictions of political pundits. It has baffled the congressional leadership. It is promoting the political fortunes of its proponents while evoking turbulent reactions from economists of widely differing persuasions. Cabinet officials have been denouncing its prescriptions. And the President has been faced with major legislative challenges to a number of his initiatives—challenges based on this new concept.

What is this new concept that has the whole United States intellectual community in a furor today and has upset Congress to the extent of defeating three major portions of President Carter's budget last month? Do our media show any awareness that there is a great debate going on in the United States over the same subject we are concerned about in Canada? A deathly hush, a silence hangs over this nation. All that is being discussed in the United States is a simple, elementary truth, that for 30 years the economists who have been guiding governments in the United States, Canada and other countries, have been consistently wrong. That is what they are discussing.

Surely the quantitative evidence of the last 20 years in every western nation shows that something is desperately wrong with the theory being used by the advisers of this and other governments on economic matters. I am referring not only to

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the monetary side, but to the fiscal side which concerns us the most. I say that this subject has been put before the government, this alternative theory has been put before this parliament, as recently as three years ago—the very things they are talking about with great excitement in Washington with the whole Republican party joining in this new theory and a large number of Democrats joining with them, sufficient to defeat the administration in the House on three votes. We did not wait till 1979 to start talking about this theory.

I have the *Hansard* of three years ago reporting the first budget of the Minister of Finance (Mr. Chrétien) when this party, in opposition, tried to give him some alternative theories to those he was getting from his own advisers. I cannot and do not intend to read the whole speech that I made on June 8, 1976, but I should like to put parts of it on the record. I started off by saying:

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The hon. member for Waterloo-Cambridge put forward not a new philosophy, but one that was laid clear as an alternative by the Economic Council of Canada six or seven years ago, namely, that when you have a large number of unemployed and 15 per cent or 20 per cent of the plant capacity unused, if you put that group of people to work and put that plant capacity to use, then there is no inflation.

That theory was enunciated by the hon. member for Waterloo-Cambridge (Mr. Saltzman). It was a serious effort on his part to get this debate started. I might say that I have been trying to do so for 15 years, but I stood up and pointed it out and in my own way congratulated him on taking a serious interest in this subject. I then went on to call it by the name that was used in describing his theory by the Economic Council of Canada, the potential budgeting theory. Four or five reviews by the Economic Council of Canada, an institution set up by this parliament to give alternative advice to the Minister of Finance and, the Bank of Canada, mentioned potential budgeting as something that is used when there are unemployment and unused plant capacity available to produce new wealth to get the country out of its difficulties.

As the hon. member for Don Valley (Mr. Gillies) said this afternoon, you measure a country's performance not against Timbuktu or Japan, you measure it against your potential to produce. If you are producing only 70 per cent or 80 per cent of potential, every dollar that you do not produce must be marked down as a loss forever; that is the human problem of the unemployed, unused plant capacity, the debts and worries of our people.

We would like to know more about this matter we are discussing. For a country in Canada's position, no one knows at what level our dollar should be when it is floating. We have to feel for that point. We would like to get some advice. When this government announced it was going to float the dollar, every party in this House supported that stand. Do not forget it. But what caused the uproar between us was when the advisers to the government got the minister to stand up and say the dollar was still floating when it was not floating. Instead the government was pouring in reserves trying to keep the dollar from going down; it was borrowing money trying to