

ysis and qualitative appraisal. The results of these various studies are brought together in formulating judgments as to likely developments.

I wonder whether the ghost of a former secretary of state for external affairs walked through the walls while that was being typed.

2. In deciding upon fiscal and monetary policies, the government and the Bank of Canada consider many objectives such as those pertaining to economic growth, stability, regional disparities as well as employment and prices.

I must apologize, Mr. Speaker, if I am just too dense to understand what they meant by that.

3. It is not possible to give a definitive reply to this hypothetical question without detailing the underlying economic environment, including *inter alia*, the level and distribution of unemployment by region and occupation, movements of prices, the distribution of the national income, the phase of the business cycle, developments in capital markets and trends in savings and investment. There are available publicly a number of studies which relate changes in the rate of unemployment to changes in GNP. These studies have been based largely upon observations of past events, especially during periods of relative price stability. They show varying results depending on the time period chosen and other assumptions.

● (3:40 p.m.)

In that last bit they used a little Latin, which is very impressive. It is easy to see why the opposition is so enlightened when it gets replies of this kind from the government. Other people have been working on this problem and they are inclined to be a little less obtuse than the bright boys in government. The studies I have seen would seem to indicate that with the present rate of unemployment we are losing over 8 per cent of our gross national product. This is not an insignificant percentage when one calculates that we are talking about \$7 billion a year lost in terms of potential output in this economy. I wonder how the government balances this against their marginal joy at the slight decline in the cost of living.

What does this amount of unemployment mean in terms of revenue? It represents a 15 per cent shortfall in government revenues, and here we are talking about close to \$2 billion. At a time when people are concerned about rising taxation, at a time when there is such a need in our society to help old age pensioners, to do something for war veterans, to stimulate housing, it is shameful and criminal to have a government act in this way and to virtually destroy the economy.

The only thing that saves us, Mr. Speaker, is that this country is so rich, so resilient that

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even the worst attempts of the government cannot destroy an essentially buoyant nation and a buoyant people. If it were not for that, we would be suffering even more.

What have they accomplished? We have been through periods of national crisis before. We have been asked to tighten our belts and do without things. When there is some purpose in adopting these methods and they can be shown to be necessary and effective, then even these terrible figures that I have quoted would have some justification. But this cannot be shown in the present case. They have not succeeded in even denting the problem of inflation. They were told time and time again that they would not succeed, so their little game has been played out and has given fantastic hardship to the people; it has held back the economy. It has prevented us from creating the housing we need and from giving some social justice to pensioners whose condition worsens as the years go by. While the government is preoccupied with fighting inflation the pensioner's standard of living is declining.

Things do not have to be this way, Mr. Speaker. With full employment, government revenues would have been more than adequate to take care of the problems of the poor and the needy in our society. But the just society has been aborted by policies which are senseless and which cannot be justified.

Mr. Speaker: Order, please. I hesitate to interrupt the hon. member but I am informed his time has expired. He can continue with the agreement of the House, however. Is it agreed?

Some hon. Members: Agreed.

Mr. Speaker: There is unanimous agreement, so the hon. member can continue his interesting remarks.

Mr. Knowles (Winnipeg North Centre): Well put, Mr. Speaker.

Mr. Saltzman: Thank you, Mr. Speaker, I just need a few moments to conclude. The government is now coming to the conclusion that the policy has been a failure, that the policy has not been working and probably will not work. Like the characters in the old film serial, *The Perils of Pauline*, they have escaped from one cliff only to be found hanging from another. They have decided to bring in a policy of wage restraint which is to apply only to the wage and salary earners of this country. As in the case of their previous