

great influx of people from the farms into the urban areas, which places more and more pressure on the industrial side of the work force.

I think we must remember that the Second World War is over and that today we see the results of the baby boom. I do not complain of this but I do not think we looked at the question early enough in an effort to find a solution.

An hon. Member: Who didn't?

Mr. Cafik: The governments which came before us. One cannot really expect this government to be able to find instant solutions to these difficult and complex problems. I do not think we serve the interests of ourselves, this institution or the people of the country when we suggest there are simplistic solutions when there are not. We are indeed living in a very challenging period. We have to consider basic problems such as foreign investment in this country, whether this is good or bad and to what extent it is good or bad. We must rationalize our industrial complex and, if I may digress for a moment, I think the Department of Industry, Trade and Commerce through its many programs is doing a great deal to achieve that objective.

● (9:00 p.m.)

Under this government we instituted the auto pact. I believe no one can really doubt that this agreement has been a great economic step forward. I think we must take similar action in other areas and then, hopefully, we will in part find long-term solutions to the difficulties we face. Ad hoc solutions are not really the answer; they will not give us something of real, lasting value. But that does not mean that in the long run we can just sit and look at the unemployment rate as it is in Canada today. We must not do that if we are to fulfil our responsibility as a government in this country. Because of the tremendous psychological effects of unemployment, in human terms, we must none the less take ad hoc measures that will give us some immediate, if only temporary relief until we have determined the root causes and arrived at root solutions to these problems.

Mr. Gilbert: Give us some ad hoc solutions.

Mr. Cafik: I intend to do just that. I do not think it is good enough for us to increase welfare benefits or to increase unemployment insurance payments. These are good and necessary in these times, but I think we must do the only thing that will give dignity to the people who are unemployed, and that is to give them work. We must also arrange our priorities in such a way that this becomes the first order of business for this government in the immediate future.

Some hon. Members: Hear, hear!

Mr. Gilbert: Now you are talking. Sock it to them.

Mr. Cafik: It seems to me that if 6 per cent of this country's territory were invaded by a foreign power, we would bring all our resources together in order to bring that land back to this country and the kind of effort that

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is put forward in wartime would be repeated. Why should we not think that 6 per cent of our population who are unemployed are an equally serious problem, requiring the same kind of urgent solution? I have some suggestions as to what may be done. I realize that I am not an economist. I am simply one who is concerned with the serious and urgent problem that we are discussing tonight.

First of all, we must continue the present course of deficit financing whereby we are putting more money in the economy than we are taking out of it in order to stimulate it. But I do not think that is enough, because we have been doing that for some months and in my simple view it does not seem to be reaping the kind of immediate benefits that many of us had hoped for.

Secondly, we have to assist this course of action by having some meaningful tax cuts in our next budget. In this way we would further stimulate the economy of this country and assist through the private sector those measures which we are taking in terms of government expenditures.

Thirdly, I think we must take steps to end business uncertainty and to give the business community a degree of confidence which I think some of them have lacked in the last year or two as a result, to some degree, of the experiment that we conducted in participatory democracy involving the white paper on tax reform. I think that this government was very courageous in embarking on this novel approach to tax reform. I am hopeful that in the long run the approach that we have used will bear the kind of fruit we hoped from having a good tax reform. But it has had an unpleasant by-product, to some extent at least, in that it has disturbed many very productive people in our economy who are in a position to make the economy go forward or go backward, and it has given them a feeling of no confidence.

I think that in our next budget, when we introduce the bill on tax reform we should settle that problem once and for all. But of course it depends to a large extent on what is in the bill and I hope the minister will bear these factors in mind when the budget is presented, as I am sure he will.

Mr. Gilbert: You are making sense.

Mr. Cafik: We must recognize that we as a government do not control our economy completely.

Some hon. Members: Hear, hear!

Mr. Cafik: First of all, in international terms we are a neighbour of the United States and what they do largely affects us. Even domestically we cannot really supply impetus to our economy unless we have the co-operation and the help of the private sector without which we cannot possibly solve any economic difficulties. So I think it is important that we make clear to the small businesses and the industrial giants in this country that we not only want them and need them but that we solicit their help in this important task.

I am going to make two suggestions, both of which involve the Department of Industry, Trade and Com-