

Supply

it many months ago, and I can only presume the reason the government was not willing to meet their request earlier was that it was confident that the unemployment situation would not be as bad as it is, or that the inflation situation would not be as serious as it is. How could the government be so wrong? The reason it could be so wrong is that it is not organized and has set up no organization to look at economic problems on a short-term basis. If there had been operating effectively in Canada, a short-term, independent, economic forecasting unit, we would not be sitting here today trying to approve estimates without any framework within which to know they could work. It seems to me, then, that asking for approval of these estimates in this *ad hoc* way is an inappropriate and a most unsatisfactory method to approach such an important matter.

The case we have presented many times in favour of a short-term, independent, forecasting unit has set out the ways in which such a unit could be established easily and effectively. Even, a simple amendment to the Economic Council of Canada Act would allow the council to involve itself in independent, short-term economic forecasting. Again, I find it somewhat incredible that the Minister of Finance should say he is now depending heavily on the Economic Council of Canada for economic advice with respect to trends and forecasts, since their findings are medium and long-term; the Economic Council does not look at short-term forecasting. I am also amazed when I recall that though Dr. Arthur Smith, Chairman of the Economic Council of Canada some time ago, predicted with great certainty what was going to happen he was completely disregarded and absolutely no attention was paid to what he was saying.

Some hon. Members: Hear, hear!

Mr. Gillies: I have no other course but to think that this great interest on the part of the Minister of Finance in the Economic Council arises because he has nowhere else to turn. What we must have—and we must be among the last major countries in the world which does not consider it—is a budget on a full employment budgeting basis so that we know exactly what our revenues and expenditures need to be to sustain full employment in this country.

In addition, it seems to me we ought to know, if we are going to look at these appropriations—and we are asked to look at them in terms of an unemployment situation—what the other parts of the package really are. What is the government going to do to solve unemployment and inflation? Is it willing to accept the suggestion we have made that there be substantial personal income tax cuts? Does it intend to adopt the constant dollar proposal in taxation, a proposal which would at least help take some of the edge off inflation, a policy which would make parliament more responsible because the government would always have to come back to parliament to get approval for expenditures instead of itself benefitting from inflation which all of us know is partially generated by excessive government expenditures? What policies are ahead of us? Is there a program for improving the operation of small business in Canada? Are we to have an investment credit program?

[Mr. Gillies.]

I do not wish to wander too far afield, Mr. Speaker, but I wish to make clear that no matter what major indicator one follows, the Canadian economy is in a distressful situation. I am told there are 16 indicators, but the suggestion that the number of freight car loadings, for example, is as an important indicator as the amount of unemployment, for policy making seems to me to be demonstrably incorrect. Our economy is in trouble, and we have this band-aid to help take care of unemployment. And in terms of its relation to total policy we do not even know where the band-aid is to be applied.

• (1650)

Are we to understand that the government has adopted the philosophy that a public works program is an integral part of a full employment program? Or has it been brought in at the last minute to take care of a temporary situation? You can cure the unemployment problem in a variety of ways: you can cure it by putting money into the hands of consumers so that they can go out and buy the goods they want, and the best way of doing this is through cutting taxes and raising old age pensions; or you can cure it by direct expenditure programs. This is a direct expenditure program.

Does the government believe that through direct expenditures of this kind the economy can be effectively stimulated as rapidly as would be the case if they were to cut taxes and increase old age pensions? It seems to me that no government should bring in a policy that has something to do with unemployment in such an *ad hoc* fashion as this, outside of any framework of policy and without forecasts as to what is going to happen in the economy. I suggest that parliament is being asked to do something it should not have to do. I therefore respectfully say that this parliament should give thorough consideration to the way economic policy making is conducted before approving these expenditures.

Mr. Elmer MacKay (Central Nova): Mr. Speaker, it is a great honour to follow my distinguished colleague from Don Valley (Mr. Gillies). I may say at the outset that, like so many members of this House, I, too, have learned to respect his judgment in these matters. I hope that the government will be cognizant of some of the excellent and substantive policies that he has outlined.

As far as I am concerned, Mr. Speaker, I am very interested in the ramifications of supplementary estimate L12a. I do not wish to suggest to the House that the theory behind it is all that bad, but what does appal me about it is that, like so many government programs, it seems to me hastily contrived and that there is no assurance that its application will achieve lasting benefit or that the program will even be operated efficiently.

In discussing this matter today, I wish to point out that this government's performance in terms of legislation passed so far this session is, in my humble opinion, and to be most charitable, nothing less than dismal. Only one item, Bill C-124, has been fully disposed of, and we all know how that was disposed of. To be perfectly frank about it, those who accuse our party of being obstructionist should be told simply this, that there has been nothing to obstruct. That shows how barren and unimaginative the government's program has been.