

I know that government defenders will say that these hardships were, and are, caused by events beyond the control of the government. They will say they were caused by the policies of the United States and of Japan. They will say they were caused by the policies of the European Community and the policies of many other countries. Yet, when the rate of inflation was reduced and, indeed, substantially reduced, we were told over and over again that such a reduction was the result of the policies of the Canadian government. There was no mention then of the policies of the United States, Japan or any other country. If inflation was reduced as a result of the policies of this government, then, to be logical, inflation was caused by the policies of this government. If this is not admitted, then the government must stand condemned for not using its power and ability to reduce inflation long ago—in fact, before it laid such a heavy burden on the Canadian people.

Personally, I feel that at least some of the causes of inflation were the result of fiscal policy exercised by the government through the Bank of Canada. I think some of the credit for reducing inflation can also be claimed by the government. However, I do think the government is responsible for allowing the evil of inflation to add to, and be responsible for, many of the hardships suffered by Canadians, especially by those two million who are without work. The government cannot have it both ways. If it could cure inflation, as its defenders claim, and yet did not do so, then it must take the blame and be condemned for its lack of action.

I do not at this time propose to speak at any length on the terrible problem of unemployment. We all know that a great many Canadians are suffering from its evil effects. We know that many unemployed Canadians have used all their unemployment insurance benefits and must seek public welfare and that, in many cases, they find this humiliating, embarrassing and degrading. Yet they have no other choice.

The Throne Speech mentions certain actions the government proposes to take in order to alleviate the problem. It mentions that 353,000 new jobs have been created by the economy during 1983. You will notice, honourable senators, that the Speech says "created by the economy". Until I noticed that wording, I thought that the government was claiming that it had created those jobs by itself, and I was wondering, if it could create that number of jobs, why it had stopped there, because I doubt that that number of new jobs equals the number of old ones which have been lost.

● (1450)

Honourable senators, one cannot be critical of the statement in the Throne Speech that a large proportion of the government job creation expenditures will be devoted to youth employment. However, I must confess I have a great deal of concern and sympathy for the unfortunate older workers people in their late 40s or in their 50s who are now unemployed and have little hope of obtaining employment in the near future or, in too many cases, ever again.

During the depression, as in all economic depressions, there is a drive by management to reduce costs and it usually

[Senator Macdonald.]

happens that new methods of production are brought about by the substitution of people by machines of various kinds. We all know the old arguments, of course, in favour of new uses for machines. We are told that more goods are produced at a cheaper rate and that new jobs are created to maintain and service these machines and that that results in a better standard of living. However, the difficulty is that the workers displaced are not, as a rule, those who are hired to operate and maintain the new machines; the older workers and the working poor are the ones who suffer. But the older workers who have lost their employment are not the only ones who suffer; many who are working suffer because they live in a constant state of worry and anxiety that their work, too, may be eliminated. That is why labour unions, professional unions and associations are making such a strong and vigorous battle to save the jobs of their members.

Honourable senators, if I may digress for a moment, I think that one of the surprising things about the effects of this economic depression is that no new ideas have been generated as to how economic depressions can be prevented in the future. While not wanting to appear pessimistic, I think it must be acknowledged that in the ordinary course of events the supply of goods and services will in time exceed the demand, and, if there is not a massive intervention of some kind, this situation will trigger an economic depression. I realize that that is a simplification, but it is generally correct.

In the economic depression of the late 1920s and the 1930s prior to World War II, there were a great many ideas and suggestions put forward as to how economic depressions could be avoided or, at least, minimized. Some of the measures then advocated were: unemployment insurance, family allowances, and the balancing of government budgets only over a period of years so that taxation could be increased in prosperous times and decreased in times of depression. Easier credit arrangements were instituted so that goods could be purchased and paid for over a period of time and, of course, state ownership and controls of one kind or another were also suggested. Many of these measures have been put into effect; as a result, the evil effects of mass unemployment have been greatly alleviated. However, the point I am making is that these measures, in themselves, have not prevented the present economic depression, although they may have postponed it or lessened its effect. As I mentioned, I think it is surprising that no new solutions for the prevention of economic depression have been proposed. I do not know what the answer is, but I hope that someone, somewhere, will come up with a solution.

Honourable senators, while I recognize that there does not appear to be a definite solution to all the economic and social problems caused or intensified by a depression, I think it has to be recognized that people look to government to provide solutions. Government, by taking credit for all job-creation programs, has, in the public view, accepted the responsibility of providing employment or some alternative thereto. In any event, the government must accept the fact that in view of the present economic conditions a massive, determined and persist-