

The benefits of that program are uncertain as yet, but the costs have become quite clear. The government has done serious damage to business investment and productivity by its extended controls program. The fact that profit and wage restraints might last at least another two years has had a debilitating effect upon business and consumer confidence. And there was nothing in the Throne Speech to indicate an early end to this troublesome program.

Already profit controls have fostered business cost inefficiency, discouraged productivity, and deferred investment. The longer the controls stay in place, the more serious will be the economic damage. Long-term profit controls will achieve a purpose exactly the opposite to the original strategy against inflation of the present administration.

It will be recalled that John Turner argued that inflation could be reduced by encouraging investment to increase the productive output of the economy. Mr. Macdonald has put in place a policy which will discourage investment, a complete reversal from previous policies. No wonder business confidence is weak when the strategy of government so often reverses itself.

The anti-inflation program has changed substantially from what was envisaged at its inception. Instead of being a small tightly knit group regulating a few critical areas of the economy, the Anti-Inflation Board has mutated into a bureaucracy larger than many federal departments, involving itself in nearly every area of economic activity.

The most terrible description of the government's performance in the areas of growth, unemployment and trade deficit is that it is the equal of its performance to date in the anti-inflation program.

The government, it appears, continues to hope that the principal stimulus to growth in the economy will come from recovery in Canadian export markets. It is legitimate to hope for the recovery of the export sector, but surely it is not advisable for any administration to base its economic policies on happenings in foreign economies. Yet, that is what we are doing. Where is the sense of purpose and direction in that?

The Throne Speech made much of the new-found desire of this government to help people find jobs. Parliament is to be asked to approve a "comprehensive, year-round, job-creation program."

● (1420)

Will wonders never cease? A year-round winter works program! Will this government never learn from its past disasters? It is simply not capable of creating jobs. That is mainly or should be mainly the role of the private sector. When government interferes it ends up wasting the taxpayers' money on projects that have very little merit, except to help the government's shaky image by reducing the number of people collecting unemployment insurance.

With a 5 per cent real growth target for this year—and nothing in the Throne Speech indicates that that has changed—we are virtually guaranteed that unemployment will continue to increase.

The cornerstone of federal economic policies is said to be restraint in wage demands, in price setting, in profits and in economic growth. All this was again referred to in the Throne Speech, and the authors of that pool of platitudes and blanket of blandness again assured us that the government "will continue to practice fiscal restraint." I ask you, honourable senators, how can you continue something you never even started?

This government has the gall to preach restraint; it has the gall to let on that it has been practising restraint; it has the gall to limit wage increases to 12 per cent, profit margins to 85 per cent of previous levels and dividends to 8 per cent. Yet, while the provinces restrain their spending to an average 11 per cent increase, the federal government increases its own spending by 16 per cent. How is that for good example! How can anyone have faith in an administration that does not practise what it preaches? It is either hypocrisy, duplicity or sheer incompetence!

The unfortunate truth of the matter is that it is this government's sad and sorry record, devoid of any semblance of self-restraint, which has brought us to where we are and which now promises to inflict new hardship on those Canadians least able to bear it.

In examining the government's self-restraint program, one can only start from a position of profound skepticism. Since Mr. Trudeau became Prime Minister, federal spending has risen by more than 300 per cent—from less than \$10 billion in 1968 to a projected \$42.2 billion for this fiscal year. Indeed, it has more than doubled during the last three years alone. And all the while we have had the same litany of solemn promises and undertakings by the government to hold its own demands upon the economy in check.

DISTINGUISHED VISITORS IN GALLERY

U.S.S.R. DELEGATION

The Hon. the Speaker: Honourable senators, may I be permitted to interrupt the Leader of the Opposition for one moment to welcome on behalf of the Senate the distinguished leader of the Supreme Soviet delegation to Canada, Mr. Vitali Petrovitch Ruben, together with other members of that delegation and His Excellency the Ambassador, Mr. A. N. Yakovlev. They are honouring us with their presence in the gallery.

Hon. Senators: Hear, hear!

Senator Flynn: I wish to join with Madam Speaker in welcoming the delegation from the U.S.S.R., particularly because I have had the pleasure of having had an excellent lunch with Madam Speaker and the delegation, and also because I had the pleasure of being a member of a Senate delegation to the Soviet Union in 1970, and on that occasion we were so well entertained that we will never forget it.