

some five years ago, and it will not be any more effective in solving the problem of inflation than was that policy of five years ago of deliberately creating unemployment. The government rejects this policy now, rhetorically. It rhetorically rejects a policy of using unemployment and slowdown to fight inflation. It rejects this as being inhumane and ineffective. But I say again that slowdown and unemployment are in fact the only anti-inflationary programs in effect in Canada today and it is clear, when one reads the budget and reflects on it, that this is what the government is counting on to slow down inflation in this country.

I realize that many employers in Canada believe there is little or no real unemployment in Canada. They feel the incentive to work has been destroyed for many Canadians, and I do not make light of those concerns which are based on their experience as employers. We ought to examine seriously what is happening to incentives in this country. I question whether the sort of tinkering the minister proposes with the UIC would help very much. I do not see anything there to increase incentives. But granting that some Canadians do not want to work, I suggest it is far too simplistic and widely wrong—indeed, wildly wrong—to suggest that unemployment rates at the current level, or anything like them, are acceptable in this country.

These levels of unemployment will lead to social unrest and they are not effective or acceptable as a cure for inflation. Consider how much they add to social injustice. This kind of unemployment and the conditions and the atmosphere associated with it have a great effect in depressing the rates of pay of many Canadians who do not belong to big unions. They probably have little effect on the pay rates of those who belong to big unions and are able to get jobs, but they certainly build up pressure for the future even there when they get the chance to make up for losses during slowdown and unemployment.

We should recognize the legitimate complaints of employers, but we certainly cannot regard slowdown or unemployment as a cure for inflation. Yet these are the only anti-inflationary programs in effect in Canada today. It is this that the government is counting on, and nothing else, to slow down the rate of inflation in this country. It is the only way one can explain this budget. The government and some pundits say there is no simple or easy cure for inflation, and of course they are right. But who says there is a simple cure for inflation? I do not say that and I never have, but I wish the Government of Canada and those pundits who stand up all the time and say that there is no simple cure for inflation would recognize that by saying they have not solved the problem.

There is a problem. We must find a way to reduce inflation to a low figure. We must find a way to achieve stability and to have satisfactory employment conditions. What better time could there be for the government and for this country to face this problem honestly than now? There is, presumably, no general election facing the government for some three years.

An hon. Member: What a tragedy.

Mr. Stanfield: In light of all the talk a year ago about the importance of leadership, in these circumstances why have we had this charade of consensus and this charade of

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restraint? If we are to have reasonable price conditions associated with reasonable employment, we must have some kind of compulsory restraint, and I say that deliberately. Why did the government and its apologists pretend anything else?

Through the years compulsory restraint was monetary policy, tied to gold. Unemployment became so savage after the First World War that the priority for economic policy became full employment. There are economists today who believe passionately that monetary policy is the only effective restraint on inflation and they accept the unemployment that goes with it. Sometimes they argue that it would not be very high. Other economists and other commentators say that monetary policy by itself is too crude and too cruel a method by itself for controlling inflation, although, of course, a sensible and restrained monetary policy is obviously part of any sensible economic program.

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But if we are not prepared to use the restraint of monetary policy to compel restraint by the different sectors of our economy, we must devise other methods. As I say, sensible monetary and fiscal policies are necessary if we are to avoid the overheating and cooling of the economy we have witnessed. We need something more. Indeed, the Minister of Finance himself seems to recognize that we need something more. He sought a voluntary consensus, he says. I say, with respect, that it was a silly proposal, but it showed a recognition of the inadequacy of existing traditional tools.

Sir, I am not arguing in favour of the kind of general control of prices and incomes which I indicated one year ago would be appropriate for about 1½ or two years. I still believe that these controls were appropriate in the conditions which existed; I believe now that if they had been put into effect, the government would face much less of a crisis today. I do not believe that such controls can be put forward as a permanent solution to inflation, and I said so at the time.

Today, sir, the government would have a virtually impossible task if it tried to persuade Canadians to accept such a program even for a relatively short time, because the government for more than a year has concentrated its efforts on persuading Canadians that such a program would never work. When I heard the Minister of Finance say on Monday night that conditions in Canada now would lend themselves more readily to the imposition of mandatory controls but that the government would not bring them in because the public would not accept them, he displayed a bigger sense of humour than I thought he possessed.

General mandatory controls of prices and incomes are not acceptable in a permanent sense because they are too rigid; they create too many rigidities in the economy. We must find some system of compulsory restraint which permits the economy to adjust as conditions change, which allows individuals to achieve promotion and advancement, and allows companies to make profits from enterprise as distinct from profits from the exploitation of a particular situation. The system must allow companies to reap the benefits of enterprise. The traditional monetary controls imposed a compulsory restraint which met those require-