

*Economic Growth and Employment Situation*

income, expansionist policies to use to full potential the output of our economy, and investment controls to see that investment went into job creating projects and undertakings with a high social priority. We advocated a prices review board to see whether price increases were being artificially stimulated or were the result of genuine economic pressures. We said that if the prices review board was not adequate, we were prepared to support mandatory selective controls provided these were applied to all forms of income and not merely to wages and salaries. The only minister who has said that something like this has to be done has been the Minister of Labour (Mr. Mackasey). In this House he said that some other way must be found to cope with inflation than deliberately creating unemployment.

The fact is, Mr. Speaker, that despite the price we are paying for the fight against inflation, we have not stopped it; inflation has not gone away. I should like to quote a sentence used by the Prime Minister as reported in the *Globe and Mail* of December 24, 1970, because I am sure it will go down in history as one of the gems of Canadian parliamentary wisdom. He said, "inflation no longer exists in Canada".

Some hon. Members: Oh, oh!

**Mr. Douglas:** Inflation has not gone away Mr. Speaker. Inflation is only simmering for a while. The rising cost of living was temporarily forestalled largely because of the unpegging of the Canadian dollar but it is simmering and is beginning to boil again. The cost of living rose in January and February, and if it continues to rise at the same rate for the rest of the year there will be an increase in our cost of living of 5 per cent. The fact is that the government is caught in a dilemma, a dilemma which is inherent in an unplanned economy. Both the Prime Minister and the Minister of Finance have constantly warned the House, as they warned the Canadian Labour Congress, that too great an expansion of the economy could result in further inflation.

The Governor of the Bank of Canada, Mr. Rasminsky, has just issued his report to Parliament in which he says the same thing. He has warned the government against setting an unrealistic target for economic recovery and over-heating the economy again in the process. Mr. Speaker, those who accept the idea of an unplanned economy are asking the people of Canada to accept one of two alternatives; either we have full employment with inflation or we have price stability and unemployment. This is a horrible choice to ask the Canadian people to make. As a matter of fact, because of the half-hearted measures which the government has implemented we now have both unemployment and rising prices.

Some hon. Members: Hear, hear!

**Mr. Douglas:** The New Democratic Party contends that we do not need to accept either alternative, that it is not necessary to have inflation because we have full employment nor is it necessary to accept unemployment as the price of price stability.

[Mr. Douglas.]

In its first annual review, the Economic Council of Canada set forth goals for the Canadian economy. They said it should be possible to maintain an annual growth rate in terms of  $5\frac{1}{2}$  to 6 per cent per year, that it should be possible to keep unemployment at 3 per cent or less and it should be possible to keep price increases at 2 per cent or less. The Economic Council of Canada was not only setting forth desirable goals, Mr. Speaker, it was setting forth possible goals. I want to say to the government that they would do well to listen to the recommendations made by Dr. Arthur Smith and the Economic Council of Canada rather than the conventional wisdom of Mr. Rasminsky, the Governor of the Bank of Canada. In referring to the desirability of having growth and full economic potential without inflation, Mr. Rasminsky says that this is an extremely ambitious goal, and that it is not realistic. If the government accepts that advice, they will have to oscillate constantly between periods of economic slack and unemployment on the one hand, and periods of full employment and galloping inflation on the other. This would take us through a constant series of booms and busts with the booms getting shorter and the busts getting longer.

I hope the government will listen to the recommendations made by Dr. Smith, because he has set forth programs by which it is possible to use our full economic potential to provide reasonably full employment with, at the same time, relative price stability. The government's failure to accept these recommendations and to implement such a program is the reason that Canada is in the unholy economic mess that it is today.

• (12:20 p.m.)

We, in the New Democratic Party, have contended from the beginning that we must plan the Canadian economy; that people were not made for the economy but that the economy was made to supply human needs. We contend that we dare not leave the direction and manipulation of the economy entirely in the hands of those whose sole aim is the maximization of profits. This road leads to disaster, as we have already discovered. It is completely wrong to assume that, left to its own devices, the corporate structure will produce the results which we want. We have put forward from time to time a number of proposals by which it would be possible to have in this country relatively full employment and, at the same time, reasonable price stability. We have urged the government to introduce an expansionist program. If inflation is too much money chasing too few goods, we ought to be using our productive capacity to produce more goods instead of artificially creating a slack in the economy.

We have called for a redistribution of incomes. It is perfectly apparent that since 20 per cent of the people of Canada live below the poverty line and another 20 per cent live in a state of deprivation, the best way to stimulate the economy and provide full employment would be to create purchasing power in that segment of the economy. Dr. Smith of the Economic Council has constantly urged on the government the need to use