

Anti-Inflation Policies

to the government. Indeed, not too long ago when speaking in the House on the matter of the Canada Development Corporation I indicated that there is a private Canadian company of that name. I said this just about three months ago merely to see if anyone in the government ever reads *Hansard*. Some time later I told the Minister without Portfolio who is looking after the matter of the Canada Development Corporation what I had said, and in a surprised voice he said, "No, is there really?" This proves my contention that what I say here is in absolute confidence, and I invite all my colleagues on this side of the House to stand up and say what they like. In this place they can speak absolutely freely.

Let us examine tight money policy, which is a restrictive policy imposed by the government. The supposition is that if you restrict the flow of money, entrepreneurs will not be able to get as much of it and thus will reduce their costs. When I asked Mr. Bryce how we reduce costs he said, "We make labour more productive; indeed, we offer labour less money." This man is terribly far out in his thinking in today's world. Can you imagine any entrepreneur saying to his men, "Well, fellows; I can't pay you \$3.70 an hour, but all those who want to work for \$2.50 an hour are invited to come back." That is just nonsense.

What does a businessman do in order to stay in business? He borrows money. Money is in great demand, so he pays not 8 per cent but 14 per cent. I have records in my office showing that businessmen in a productive capacity have paid as much as 37 per cent. They have to. They have made commitments far ahead, ordered machinery and equipment, and guaranteed deliveries. A firm or business cannot restrict its operations. The minute sales fall, confidence is lost. Creditors will not lend the entrepreneur money and the bank says, "Shoo; go away." To stay in business the businessmen must continue expanding. Therefore, the issue is not whether we can restrict our economy but how we can make business and labour more productive.

It is said that in Canada we must replace about 60 per cent of our capital equipment. That is how far behind we are. That takes money. Now, the less money you have, the less credit you can obtain from the banks. The less money there is, the less you will be able to afford new equipment, and you will not be able to compete with Japanese, German and United States concerns with your antiquated equipment. It is no wonder that the CNTU published a pamphlet, which

all hon. members ought to read, indicating that Canadians, as producers on a per man-hour basis, rank ninth in the world—below Italy, France, Greece and six other countries. The fault does not all lie with labour. The fault lies with management as well. I have also heard that we have one of the least efficient managerial cadres in the world. That is not surprising. After all, you cannot go to school and learn to be an executive; you learn by being an apprentice and, unfortunately, for the last 30 or 40 years those in a position to teach this skill to Canadians have been Americans. Therefore, we could not learn. I am glad the government is taking another tack on this question.

If the concept of tight money were examined today, it would be found to be absolutely unworkable. Why, therefore, was it introduced? It was introduced because Mr. Rasminsky, Mr. Bryce and gentlemen like them who now count, were the young Turks in the 1930s and were imbued with the ideas of John Maynard Keynes. They wanted to bring about great reforms but they could only act in an advisory capacity. Now, 30 years later, they are in positions of power. But they have not learned anything since the 1930s and they are instituting policies today which could be applied only to the 1930s.

An hon. Member: Shame!

Mr. Otto: That is the only reason we have some of these policies. I will not deal with unemployment at great length because other hon. gentlemen have dealt with this serious question. Unemployment now is not the same as it was 30 years ago because the Canadian people will not tolerate the conditions of old. Besides, when a person becomes unemployed he receives unemployment insurance and welfare. He lives because society today will not say to him, "Die." Society provides him with accommodation, clothing and welfare cheques. But the unemployed are not producing. Society becomes poorer because the country is producing less but is still maintaining for most of its people a standard of living which we consider decent and absolutely essential. How can anyone tell me then that unemployment is a cure to inflation? Unemployment means that there will be less production and, obviously, higher costs.

It is said that in 1969 our wages and costs increased by about 8.7 per cent. To offset that our gross national product, according to DBS, increased by 4.2 per cent, that figure being later reduced to 2.7 per cent. According to the