

no time to be concerned about the fact that we have seen over the last three years a real drop in the standard of living and a real loss in purchasing power in Canada. This real loss in purchasing power is predicted, even in the budget of the Deputy Prime Minister and Minister of Finance, to continue over a period of two or three years and even longer. It is a fundamental error of policy to argue that the way to fight the inflation from which we suffer at the present time, or the way to get Canada moving away from the economic problems it faces, is to ignore problems of consumer demand and consumer purchasing power and the fact that the economy is working at a 75 per cent or 80 per cent capacity, and to simply concentrate on what is now chically known as the supply side, at the expense of the real income and the real standard of living of Canadians.

● (1530)

That is not to say that the simple cutting of a tax or the provision of a cost of living tax credit will be sufficient. I do not buy the theory that one can simply return to the Kennedy tax cut of 1962 and 1963 or the policies which were so successful between 1945 and 1965 in stimulating the western economies and say that this is adequate today.

Clearly we are living in a new situation where there really are severe problems on the supply side. We are living in an era when cheap energy is no longer possible; indeed we are coming to the last 30, 40 or 50 years of the hydrocarbon era. We need some different policies if we are to deal with the increased international competition in the automobile industry, which will be discussed by the hon. member for Hamilton Mountain (Mr. Deans), in the steel industry, in textiles and in the petrochemical industry. If we are to deal with the international competition in these fields, we need industrial strategies and policies which will relate directly to the need for investment in these fields and long-term planning.

The accusation that we in this party are simply talking about the government wildly spending more money in terms of consumer purchasing power is totally inaccurate. It is simply not an accurate reflection of what we have been saying, nor what we have been talking about over the last five years in terms of an industrial strategy and the need to look at all regions of Canada in producing an industrial strategy and in planning for our future. It is very, very important for people to realize that these two matters cannot be separated. One cannot simply say that we should do something on the demand side and not be concerned about from where the supply will come.

For example, if the value of our dollar rises and we engage in a policy of simply encouraging demand, the impact on the balance of payments and on foreign replacement for products currently made in Canada will be very serious. It will pose a very serious problem. On the other hand, if the policies are mixed correctly so that we can start substituting for imports—and perhaps neo-conservatism is the first foreign import for which we should be substituting—then it makes sense to expand consumer purchasing power. But we must ensure it is mixed correctly with correct investment policies on the govern-

ment side and on the business side so that Canadians will be able to purchase Canadian products. I should like to refer to the example of the human tragedy involved in what has gone on in the automobile industry in the last two or three years with the number of lay-offs and the number of people who have lost their livelihood. There is a slogan which the industry has characterized. It is: "Buy the cars your neighbours helped to build". There is nothing a Canadian would rather do than buy a car his neighbour helped to build, but the difficulty is that at the moment there is not one Canadian worker involved in the assembly of small cars which will be gas-efficient in the 1980s, and these cars are in demand.

This is because for decades governments have been willing to accept the investment planning and investment strategies of the big three and big four automobile makers that have been quite happy to make whatever they wanted here in Canada. They have not exercised any control over the long-term investment planning and investment strategy of the major car manufacturers. This is something which must be said. The decisions on supply, investment, what people make, what is produced in Canada, where people work in Canada and how goods are produced, cannot be separated from the fact that at the moment Canadians are suffering from real losses in their standard of living. To simply say that we will increase supply at the expense of the real standard of living of Canadians in my view is a very false choice, but unfortunately and clearly the one which has been taken.

In answer to my questions today, the minister said that the government did not intend to create an army of unemployed; that he did not accept such a characterization of his policy. It is not always pleasant for someone to have to call something unpleasant when it is. I am reminded of governor Bouey's statements in committee, on the radio, or in his speeches to the Empire Club and other democratic organizations for the average Canadian. He always refers to "slack" in the economy. He never refers to unemployment or unemployed people. He never talks about the fact that there will be tens of thousands and hundreds of thousands of people out of work who do not have the means of joining with their fellow citizens in producing something or doing something useful with their lives. He does not talk about the fact that when people no longer do something which they think is useful, they become dispirited and despondent. He does not talk about those things, he talks about something called "slack". Of course he does, because governor Bouey is a human being and he does not want to think that the implications of government policies are very hard on people and cause real human anguish and problems. It is not possible to function in that kind of a world, so we all call things by something else; we invent neutral terms to define an awful problem. Bureaucrats spend most of their time doing this. They speak in a language which has no relationship to what is going on in the world, in society or in the human economy.

That is why I think an army of unemployed is being created today. The government is conscripting people, but it is conscripting them on a very unequal basis. Because of the restric-