

• (4:50 p.m.)

These suggestions, taken as a package, would accelerate the economic growth of this country and would help provide jobs soon for those desperately in need. I fully realize the Conservative economic school will say: "All right, so you put people back to work; you will have rampant inflation again". That is quite right, Mr. Speaker; in the absence of other policies that is exactly what will happen. Of course, it would not be all that different from what is going to happen anyway, even with the slow rate of economic recovery. The seeds of new inflation have already been sown by the wage and salary settlements of 1970 which, in the more powerful industries with 500 employees or more, averaged 8.8 per cent. This means that with the return to a full employment policy in Canada the inflation rate would go back to a level not too different from what it was in the first place. Indeed, if all the people in Canada received wage and salary settlements comparable to those who have already managed to demand and obtain for themselves 8.8 per cent, we would have a higher rate of inflation than we have had at any time in the past 20 years since the Korean war. There is only one way that this can be avoided and that is immediate mandatory price and wage guidelines. There is no other way I know of to pursue the dual policies of full employment and stable prices.

I must explain here what I mean by mandatory wage and price guidelines. I do not mean the government setting individual wage and price levels, because I know from my own experience that they are not competent to do that. I mean that they would limit capital return on industry investment to that which has taken place over the long term, and this must be sufficient to ensure the attraction of the new capital which is required for further investment. Wage increases would be limited to the average increase in physical output per person in the labour force, and this too could be averaged over a period.

Like Galbraith, I believe that this policy is necessary only in that part of our economy that is semi-rigid; that is to say, the huge oligarchies and their powerful unions. The small businessman and the marketplace would then follow suit. It was too much to expect a voluntary wage and price agreement, one that would work. Labour had no confidence in the ability of business to hold down prices in the long run; business was skeptical about labour's co-operation and neither had confidence in government being prudent in holding its expenditures in line. For that reason, Mr. Speaker, I believe that mandatory guidelines are a must. They must be reasonable, they must be comprehensible, and they must be consistently applied.

However, confidence in government must be restored, both in the free system that has been the basis of our strength and in Canada at large. Therefore, I urge the government to abandon its archconservative approach to economics, and I urge it to adopt 20th century solutions to 20th century problems. I urge it to give ordinary citizens a break, those little people for whom the Liberal

Alleged Failure to Improve Economy

party should be fighting. Because that is the traditional liberalism. I can assure the government that if it does that, and takes the action required to meet the needs both of my constituents and millions of others like them across the country, it will receive the direct gratitude of the hundreds of thousands affected as well as the respect of all of us.

Mr. Erik Nielsen (Yukon): Mr. Speaker, we have heard a strong and courageous speech from the one man in the Liberal cabinet who had enough courage to quit when his views were contrary to those of the majority and to the direction the cabinet was taking. Having listened to the speech of the hon. member for Trinity (Mr. Hellyer), I reflect upon the reason given at the time he left the cabinet over a dispute as to the manner in which the government was pursuing its housing policy in this country. If one pays careful attention to what he said, the differences ran far deeper, and I will have something to say about those differences in a moment.

I have said that it was a courageous speech. He is the one member in that mess over there, and in the rump on this side, who has had the courage and the guts to say the things his constituents want him to say. In my view, having regard to the direction that the Liberal party and this Liberal government are taking today in leading this country into a socialistic morass, this is the one man who can lead the Liberal party back to Liberalism.

The hon. member calls for a restoration of confidence in the free system. So do we. He calls for this government to redirect itself to the protection of the little people who once used to be the main concern not only of the Liberal party but of all political parties in Canada. It is these people for whom the Liberal party, the Liberal government, should indeed be fighting.

Instead of that we find ourselves being led down the socialistic path to state control and absolute power over the rights of the individual and freedom of enterprise in this country. He is the first Liberal on that side of the House that I have heard stand in his place and say it like it is.

Some hon. Members: Hear, hear.

Mr. Gilbert: About time, too.

Mr. Nielsen: Yes, it is about time. This government has been in office now under its present leader for almost three years and great changes have taken place, changes that are almost subliminal and have not been emphasized by the media of this country or brought to the attention of the people of Canada in the manner in which, in my view, they should have been brought to their attention. I shall be taking an inventory of those changes in terms of what they have cost the Canadian people, not only in dollars but in the loss of their freedoms, freedoms that are being siphoned off slowly but surely.

Let me deal for a moment with the growth of the Prime Minister's office itself. All of these things that contribute to the cost of government contribute just as