

of the great war against inflation by this government, the increase was 4.2 per cent.

Price increases in some years have been more than twice as high as the maximum tolerable. Unemployment in some years has been as much as twice as high as the maximum suggested by the Economic Council as tolerable. The rate of growth in some years has been less than half the target set by the Economic Council.

• (3:40 p.m.)

Employment and unemployment figures for January will not be published for another few weeks or so. Perhaps the January figures will belatedly shake the government out of some of its complacency. In the middle of December, when one would expect the stepped up activity in the consumer sector of the economy to be reflected in employment figures, the labour force itself has declined by some 75,000 persons in a single month. Unemployment has increased by some 35,000 persons, and this is in addition to the shrinkage in the labour force. In the middle of December, 373,000 Canadians were unemployed, some 4.7 per cent of the labour force, and the situation will be worse when the January figures are published in some two weeks time.

These figures show a failure in policy. The present Secretary of State for External Affairs (Mr. Sharp) spoke about inflation almost three years ago when he was minister of finance. There is no point in detailing his shameful record of performance in this connection. We all remember the phoney war against inflation, and the way the government tried to cook the books to show spending cuts that were never in fact made. The present Minister of Finance (Mr. Benson), when he was president of the treasury board, was the instrument of that deception. He was the instrument of that false and misleading forecast about the monetary situation less than a year ago. As the former minister of finance put it, they let a little slack into the economy to try to fight inflation; they cut back on job producing programs. These policies have failed to accomplish their purpose. The evidence is before us. Inflation has not been brought under control. Unemployment is still unacceptably high and rising as a result of a deliberate government policy to fight inflation by deliberately inducing a little slack in the economy.

There is no point in detailing the faults of the government in the past few years except to plead with them to try to learn something

### *Alleged Failure to Reduce Unemployment*

from their failures in policy. We also plead with the government to realize how crucial is the factor of confidence in Canada's economy and confidence in the government's management of this economy. We have a policy of deliberate unemployment and deliberate slack because of the failure to cope with inflation by other means.

What is the government doing about inflation since the policy of slack has failed, failed by the admission of the government's own white paper? It has recognized the failure of its existing program. For more than a year, the government has been saying that the existing methods for fighting inflation are inadequate. Having recognized its failure, what is the government doing to take the slack out of the economy without unnecessarily increasing inflationary pressures?

It said it was going to appoint a continuing royal commission, an independent study group, to produce solutions, perhaps some years hence. In the meantime, is the Canadian nation doomed to limp along for years suffering excessive inflation and excessive unemployment, suffering the risk of a loss of its competitive position in the world markets. Are we to run the risk of renewed currency difficulties, all the while suffer from the lack of opportunities for all our people? Is this the government that not many months ago was trying to give the people the impression that it would never settle for anything but the best, and yet is now accepting apparently excessive inflation and excessive unemployment as a policy? I say certainly the government should continue the studies which it wants to undertake, but in the meantime it should also take positive steps to reinforce voluntary programs of restraint.

I notice that an advisory group to President Johnson in the United States recently recommended to him a guideline policy for the consideration of both management and labour. The government should try to establish such a policy so that normal expansion can proceed and so that the government can abandon its policy of deliberate slackness in the economy and thereby avoid condemning our country to severe unemployment and inflation.

When is Canada going to start catching up? When do we begin to make up for the cumulative failure to achieve our economic potential, much less attain that minimum potential in any one year? The results of the government's policies are staring us in the face this winter, and unless the economy is