al economic fabric. I charge this government with doing just that.

I said a moment ago that I would come back to the subject of prospectors and I shall do so now. Many Canadians, both in the mining industry and outside, know of the traditional prospector who spends much of his life in the bush seeking ore deposits. In the Yukon the practice, as I am sure it is in the Northwest Territories, is for a prospector to hole up in the winter, find employment, and earn enough money so that he can spend the next prospecting season searching for what he hopes will be the mother lode. These men often do not have the kind of education many people have. They are single and sometimes are real strangers to the southern society. Yet prospectors have been one of the most important groups of indidivuals that have contributed to the growth and expansion of our economy. The last time I spoke on this subject I said that in the last 100 years some 240 mines were discovered in Canada. Most of those were discovered by those intrepid individuals who follow this life style I have just described.

The Assistant Deputy Chairman: Order, I regret to interrupt the hon. member but his time has expired.

Mr. Horner: Mr. Speaker, in rising to take part in the debate in committee on Bill C-259, one is immediately impressed once again by the size of the bill and the importance of it.

Mr. Mahoney: About four pounds.

Mr. Horner: The hon. member for Calgary South suggests to me that it weighs four pounds. I would rather concern myself with the economic weight of the bill than its physical weight. The economic weight is indeed a millstone around the necks of many people in view of its damage to the Canadian economy today. I cannot help but quote from the Vancouver newspaper *The Province* of October 16. Under the heading "There was a crystal ball . . ." the article reads:

> Two years ago the Economic Council of Canada, which was assigned responsibility for warning of the economic shoals ahead, offered the view that this country had gone as far as it should in the war on inflation. Further fiscal and monetary restraints, the Council declared, could raise unemployment and slow the economy with only marginal effects on the rate of price increases and costs. What did the government do then?

> Two years ago Mr. Benson was budgeting for a $250 million surplus in order to soak up inflation. The Bank of Canada was promoting a policy of tight money and high interest rates. Dr. John Young, chairman of the then new Prices and Incomes Commission was warning that fiscal and monetary screws might have to be tightened further if voluntary restrain failed to halt inflation.

What's happening now? Mr. Benson is budgeting for a billion dollar deficit to cover the cost of the most massive single injection ever made by a Canadian government to stimulate the economy.

So we have all this following the very clear warning by the Economic Council of Canada concerning the economic pitfalls which might well lie ahead. The article continues:

> In its 1969 summation the Economic Council was surprisingly prophetic. If Canada persisted in its tough fiscal and monetary policy through that fall the country would run the risk of a severe recession in 1970. And once the economy turned sour, the Council added, it probably would not be revived quickly by any set of policies.

The author of the article suggests, "Mr. Benson please note". Well, everybody knows that Mr. Benson did not note and that the Prime Minister did not note. He said that in spite of the 6 per cent rate of unemployment we are to continue our fight against inflation. Today I believe many economists recognize that the fact we did curtail the expansion of our economy too much between 1968 and 1970 brought on a great deal more unemployment than was necessary. Many economists admit this now, and even some people in government circles are quietly suggesting that they erred throughout that particular period. The question readily poses itself: what is the solution today?

• (5:20 p.m.)

Let us suppose, for example, that the economists are right and the economy was turned off too much in 1968 to 1970. What does that leave us with today, and how do we bring ourselves out of it? We heard the budgetary statement made by the Minister of Finance last Thursday evening in which he proclaimed that it was the government's intention to turn loose $1,070 million into the economy within the next short period and that this would start the economy rolling again. How does this bill, which results from the budget of June 1971, compare with the minister's budgetary statement? Does it conflict with it or does it agree with it? This is what members of the House of Commons should ask themselves. We have had the budget of 1971, the budgetary statement of last week and the surtax imposed by the United States.

It seems to me that Bill C-259 conflicts with the budgetary statement, which only goes to prove that we are thoroughly tied to the North American market and therefore should gauge our actions by the situation in the U.S. Perhaps there is no easy solution to the problem confronting Canada. The budgetary statement of last week, the June budget of this year and the American surtax present a most serious challenge to the Canadian government and the Canadian people, but to ignore the facts only demonstrates an unwillingness on the part of the government to face the facts.

The inflationary pressures between 1965 and 1970 were obvious to everyone. They were also obvious to the government. As I stated in my opening remarks, the government turned the screws too sharply on inflation between 1968 and 1970. What factors contributed to inflation in that period? One only has to look at the statistics reported in the Bank of Canada's annual report of 1970. Labour costs increased 77 per cent from 1965 to 1970. Farm costs decreased by 2 per cent, and business stayed exactly even. Indirect taxes increased by 13.8 per cent, and other components increased by 11.2 per cent. These are facts that should be obvious to everyone. Labour income has increased out of line with any increase in productivity. In fact, it has increased 30 per cent faster.

The reason I mention the increase in labour income is that it is a key factor in inflation. This is why President Nixon has brought in wage and price controls in the United States. One of the most surprising aspects of President Nixon's wage and price controls in the U.S. is the fact that, by and large, labour unions have accepted wage controls. They have done so because basically they know that wages have outstripped productivity. We have done nicely in the last 20 years. We have made substantial gains in productivity through the advent of technological