

far as employment was concerned. We have had, and did have, several reports, but little action taken.

There is little chance that we are going to be able to absorb the people coming into the labour force in the future unless we can find ways of increasing our export trade in manufacturing. We cannot increase our trade in exportation in the manufacturing sector of the country unless we have meaningful programs in respect of foreign investment and foreign subsidiaries. Similarly, we cannot increase employment as we must unless we examine the situation in the service trades. But all this is in the past. I would be the first to say that hindsight is always 20-20. The important questions are, where are we going and what is going to happen in the future? All we can go on in that respect is what was said in the Speech from the Throne and what the Minister of Finance said yesterday. It seems apparent from what was said that we are to have some expansionary forces in the economy and expansionary fiscal policies, although we do not know to what extent.

I notice that the Minister of Finance in his May 8th budget referred to the fact that he was worried about injecting too much fuel into the economy; so how much expansion there will be we do not know. We will have to wait and see. The Speech from the Throne did not indicate that the government had rejected totally the trade-off principle, although it did indicate that the emphasis was being put on employment. There was almost no mention in the speech of inflation, other than that it is a world-wide problem, and then immediately there is a reference to a conference on food prices. It certainly seems to me to be naivety to the extreme to think that inflation in Canada is going to be solved by a conference on food prices. I do not believe it is unimportant to have such a conference, but at the same time if this is our major approach to dealing with the problem of rising prices, I assure you it will be doomed to failure.

It has been said there will be a new industrial strategy, and the Minister of Industry, Trade and Commerce (Mr. Gillespie) dealt with that for a few minutes this afternoon. There has been some suggestion about increasing employment in the service trades. Apparently great emphasis is being put on expansion of winter works programs, which the provincial premiers said as long ago as last August would be too late. Apparently, we are going to see more LIP programs in an attempt to create jobs.

I know that the Speech from the Throne is not a budget speech and one cannot expect to have a detailed outline of what is going to happen in respect of economic policy, but it seems to me that surely in the face of the economic problems this nation faces, problems that are uppermost in the minds of all Canadians, we could have expected and should have obtained in the Speech from the Throne a much stronger statement about the direction this country is going to move in terms of fiscal and monetary policy and in terms of exchange rate policy. If we are going to make any progress in solving the basic problems of unemployment and inflation in this country, we must have a completely new approach to our monetary and fiscal policies. To even pretend to believe that by the sorts of things mentioned in the Speech from the Throne, such as the expansion of LIP programs, winter works programs and

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so on, we will solve our fundamental economic problems seems to me to be an act of faith which most people cannot accept.

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Think of what was left out of that speech. Nothing whatever was said about monetary policy; nothing about interest rate policy or foreign exchange rates. Then, there is nothing in the speech about goals for the Canadian economy, and absolutely nothing about the reorganization for making economic policy. Every Speech from the Throne I have read indicated it was the objective of the government to secure full employment and price stability. These are the kinds of statements one always expects. But at a time when the economy has the amount of unemployment and inflation we are witnessing today, the Canadian people surely deserve more positive statements regarding the methods by which the government intends to achieve the goals they so plitudinously put forward. For several years we have been in a situation in which most forecasts made in those speeches have failed to come true. In spite of this, I do not see anything in that speech about the reorganization of the policy making process to meet the current circumstances.

We have failed to establish an independent short-term economic forecasting unit in this country responsible to parliament, although the projection on which the Minister of Finance based his budget last May turned out to be wrong. He said in his speech then that he expected the unemployment rate to be lower at the end of the year. It was a wrong forecast.

**Mr. Turner (Ottawa-Carleton):** What about the institute at York.

**Mr. Gillies:** Surely, it is the University of Toronto.

**Mr. Turner (Ottawa-Carleton):** How about the forecasting institute at York?

**Mr. Gillies:** Very good. All I would do is refer the minister to some of my columns in the *Star* at that time. At any rate, it seems to me that the short-term forecasts have been wrong, and it is not possible to make policy successfully in the absence of accurate information.

The first thing that must be done is to reorganize federal policy making structures immediately so that we might be in a position to have better decisions.

There is nothing in the Speech from the Throne to suggest that the Minister of Finance intends to move to full employment budgeting. Without doing so, it is extremely difficult to develop successfully economic policy. The Minister of Finance says a great deal about the rate of change in the gross national product. When one is dealing with short term economic situations, forecasts of changes in the gross national product are not particularly helpful in terms of the unemployment situation. The very fact that the gross national product has varied so much this year with only marginal effects on the rate of unemployment shows it is not an effective instrument to be used on a short-term basis. What is needed is a projection on the basis of full employment estimates in order that we may determine what deficit or surplus we should