

For the edification of the hon. member for Trois-Rivières I say that there was no problem of inflation in 1957. In other words, it just did not exist. Therefore I say that the hon. member cannot talk about the same measures to combat inflation as were used before, and he cannot talk about combating or dealing with problems of inflation which produce unemployment. Neither can he say, "In order to cure unemployment you will have to do the same as was done before," because the situations are entirely different.

It seems to me that we must consider the government's economic policies, and those quite aside from the question of the actions of the Department of Regional Economic Expansion, which are just beginning. We do not know what will be produced in that area: long-term solutions are being applied. The man who is unemployed is looking for something to be done right now. Certainly, the anticipation that there will be increases—the government has been trying to preach the contrary, that there will be none—is one of the dangers we must face in controlling inflation. This is one of the dangers we must face in, shall we say, changing the inflationary psychology in order that we may turn the corner. In this regard I suggest our problem may be even more severe today because of government inactivity in this sphere in the past. Let us look at its economic and monetary policies. The Bank of Canada returns indicate that in March the bank rate dropped by 0.5 per cent.

• (4:30 p.m.)

The action of the government and of the Bank of Canada with regard to the bank rate is not related to the level of economic activity in this country. It is not related to the degree of unemployment. It was changed as a result of an international payments situation because the government maintained a higher bank rate in dealing with the problem of inflation, a problem which is even more acute in the United States. There has been an extraordinary increase of over \$500 million in recent months in Canada's international monetary reserves. It is necessary for the government to incur short-term obligations in the money market in order to have the cash to pay for all the purchases it has had to make. The bank rate was reduced by one-half of one per cent. I question the ultimate decision of the Bank of Canada as to whether the secondary reserves of the chartered banks should have been increased.

In the construction and many other industries this monetary policy has resulted in a

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restriction of credit. It is impossible to get money. Down the road is unemployment. The government still has not brought in its consumer credit regulations. I recommend that the government not do this because down the road of consumer credit restrictions is unemployment.

It is unfortunate that in the time available I cannot give more alternatives as to what I think the government should do. I feel that the government should abandon any question of consumer credit controls and relax its fiscal measures in so far as certain levels of tax are concerned. This morning the hon. member for Hamilton West (Mr. Alexander) made the admirable suggestion of removing the sales tax on building materials. This would provide an adequate stimulus to housing construction and would relieve the tax burden in this country.

Mr. Ray Perrault (Burnaby-Seymour): Mr. Speaker, this is the day that the opposition designated as their own. It is the opportunity to tell how the problem of unemployment should be met. This is the day which they designated to indict this government for its alleged failure to fight unemployment. I wish to compliment the four or five members of the official opposition who thought it important enough to come here this afternoon to talk about the problems of unemployment.

Some hon. Members: Hear, hear!

Mr. Lambert (Edmonton West): On a question of privilege—

Mr. Perrault: Mr. Speaker—

Mr. Speaker: Order, please. The hon. member for Edmonton West (Mr. Lambert) on a question of privilege.

Mr. Crouse: There are ten over there.

Mr. Lambert (Edmonton West): My question of privilege is that I think it is invidious for a member to draw attention to the presence or absence of any particular group. I point out that if that hon. member, who lives in Ottawa, had to travel to western Canada, he would have left earlier today.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

Mr. Lambert (Edmonton West): The member can put up or shut up.

Mr. Perrault: Mr. Speaker, I draw to the hon. member's attention that I live in western