

The Address—Mr. T. C. Douglas

ment is pursuing policies that will make our society less just, less equitable and less free.

The just society has now been reduced, in the Speech from the Throne, to "a distant ideal". The fact is, of course, that this government cannot build a just society because it is committed to operate within the framework of an economic system that is the antithesis of social justice and economic equity. This government is trapped in one of the glaring contradictions of our corporate controlled society. Never has this contradiction been so apparent as it is at the present time. There is a high level of economic activity throughout the western world. Canadian exports have reached an all-time high. Our balance of payments is favourable and our trade position with the United States shows the largest surplus in our history.

Some hon. Members: Hear, hear.

Mr. Douglas (Nanaimo-Cowichan-The Islands): According to the economic theories propounded by the Liberal party for decades, these conditions should produce prosperity, economic growth and full employment.

Mr. Trudeau: And inflation.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Instead, we find that unemployment in Canada is the highest in the western world. Unemployment in this country is at 6.7 per cent, seasonally adjusted. That only tells part of the story, because there are thousands of students who did not register and there are many people who got tired of going back to the manpower offices. Unemployment is even higher than statistics produced by the government would indicate. Moreover, our economic growth has now been reduced to almost zero and Canadian businessmen are experiencing a period of economic recession. Data for the last two months which is available, the months of June and July, shows that industrial production in this country has not only not increased, but that it has actually declined.

How does a Liberal government explain the anomaly of high exports and the favourable balance of trade with the unemployment and economic slowdown which is blighting the Canadian scene.

I suggest that there are two major reasons for this contradiction. First, the economic slump is due in part to the government's policies of fiscal and monetary restraint. The government has deliberately fostered an economic slowdown, under the euphemistic phrase "cooling off the economy" in its effort to check rising prices. Mr. Speaker, creating a recession in order to stop inflation is like cutting off your head to get rid of dandruff. Is the government telling the people of this country that Canadians must choose either unemployment or inflation? The Prime Minister this afternoon boasted that, according to the Organization for Economic Co-operation and Development, we have done better with the problem of inflation than any other country has.

Mr. Stanfield: They do not say that.

Mr. Douglas (Nanaimo-Cowichan-The Islands): But, did he tell the House at the same time that the OECD has

[Mr. Douglas (Nanaimo-Cowichan-The Islands.)

pointed out that we have the highest rate of unemployment of any country in the western world? Is this the choice we have to face? Does this mean when the economy begins to move again we can once more anticipate a renewal of price increases and rising living costs? Does this mean that the government has forsaken the objectives set out in the Green Book Proposals at the end of World War II, when all Canadian governments committed themselves to a program of full employment and a high level of national income with attendant price stability?

● (3:00 p.m.)

Five years ago the Economic Council of Canada outlined the targets which they thought were both realistic and essential. They were an economic growth rate of between 5½ per cent and 6 per cent in constant dollar terms, unemployment at a rate not higher than 3 per cent per annum of the labour force, and price increases not greater than 2 per cent per annum. Has the government decided that these targets are unattainable? Are they reconciled to the proposition that when we have full employment we must have galloping inflation, and that when we have price stability we must go through the agonies of a recession?

The New Democratic Party has repeatedly requested the government to adopt measures to stimulate Canada's wealth production as the best means of raising living standards, creating jobs and providing adequate social security for all Canadians. We have discussed our proposals many times in the House and I will not go into them now. I will just enumerate them lest anyone should suggest we have not put them before the House. The five points are as follows:

1. An expansionist program which would involve large scale investment in housing, urban renewal and other socially desirable projects such as construction of hospitals, recreational facilities and a major attack on pollution.

2. Investment controls designed to direct our available capital into socially essential projects while postponing investment on the more prestigious and less essential undertakings.

3. A redistribution of income by tax reforms which would transfer some of the tax burden from the lower and middle income groups to those corporations and individuals who, with the connivance of successive governments, have been able to evade their just responsibilities.

4. If necessary, we are prepared to support price and income controls provided these measures apply to all forms of income such as prices, profits, interest rates and rents, and not merely to wages and salaries.

5. Make our economy less susceptible to the inflationary pressures of the United States by using our very considerable natural resources to develop a viable industrial complex.

However, there is another major reason for the contradiction of employment and economic stagnation existing side by side with increased exports. The present economic slowdown is largely due to the unbalanced structure of our economy. More and more Canada is becoming an exporter of raw materials and an importer of finished