

that, issues have been raised as a result of the five goals set up.

The first point at issue is that on the one hand the government feels that not all the economic goals are of equal importance, while on the other hand the Economic Council feels that all goals are of equal importance. Moreover, the government is prepared to tackle one goal at a time, whereas the council claims that an effort must be made to achieve all goals simultaneously.

The second point at issue is that implicitly the government believes that high unemployment and low growth are temporary costs which have to be paid in order to achieve price stability. The council warns that if these temporary costs are forced upon the economy for too long, they will do permanent harm. Some exploration of this second point is needed. When the economy runs at reduced capacity, the actual rate of growth is less than the potential rate of growth. In the short run—less than two years—the initial costs in such a situation are unemployment, economic hardships on the individual business and consumer, and reduced tax revenue for governments at the same time as their expenditures are increasing.

The government is apparently willing to pay these short-run costs in the name of price stability. But what about the long-term, hidden costs? Is the government prepared to ask Canadians to pay these costs? These long-term costs are the irreplaceable losses in potential caused by running the economy at below capacity. The council feels that—

—such losses (i.e., no growth and high unemployment) are cumulative for every year in which such a gap exists between actual and potential output. Nor is the loss ever made up, even when the gap is closed—

**Mr. Deputy Speaker:** Order, please. I regret very much to interrupt the hon. member, but I do so to tell him that his time has expired.

● (9:20 p.m.)

**Hon. John C. Munro (Minister of National Health and Welfare):** Mr. Speaker, it has been nice to listen to some of the speeches made by hon. members who support the motion moved by the hon. member for Spadina (Mr. Ryan). I must say that I never heard so many contradictory statements in terms of what should be done in Canada in this situation.

My hon. friend from Hamilton West (Mr. Alexander) seemed to be talking about increasing unemployment insurance benefits and increasing our expenditure in the social assistance area, which would add greatly to our expenditures. Then he started to quote some paragraphs from a speech made by the president of the Westinghouse Corporation who indicated that our problems would not be solved by increased public expenditures. These statements are somewhat contradictory. Then he talked in general terms about easing the government's fiscal and monetary policies. Having listened to some of the opposition speeches, I assume that what he means by that is easing the money supply and an expansionary policy in terms of expenditures that would stimulate economic growth.

#### *Alleged Non-Support of Employment Programs*

All this, as the hon. member must be aware, this government has been doing for the last six months. So if one talks in terms of expansionary policies, these indeed add to public expenditures. I do not know how you can ride two horses in two different directions at the same time; it is a nice feat if you can do it. I think the hon. member for Hamilton West is to be congratulated for endeavouring to ride two horses. I think that the whole debate has been along that line. There have been very few constructive suggestions as to how we can cope with this situation.

**Some hon. Members:** Oh, oh!

**Mr. Munro:** The motion moved by the hon. member for Spadina reads:

That this House condemns the government's failure to foresee and take steps to provide for the escalating effects of its unemployment policy upon the social assistance funds of the provinces and municipalities and its failure to consult and co-operate with the provinces and municipalities in providing emergency financial support and employment programs.

This shows really a desperate dearth of anything constructive in terms of policies that we might implement now.

**Mr. Stanfield:** Come now!

**Mr. Munro:** There is no suggestion of any guarantee. If we should adopt a policy such as set out here, and if we gave relief to the municipalities to help along the line of social assistance there is, according to this motion, no guarantee that the money would go to those who are unemployed and on social assistance. I take from the wording of the motion that the opposition does not think this important. The money could go to a municipality and they could use it for any purpose at all; it could be totally unrelated to the problem that the hon. member and other hon. members opposite are so concerned about. If that is the best that the opposition can offer—

**An hon. Member:** The minister has not been listening.

**Mr. Munro:** —with respect to positive policies for coping with this situation, if the opposition suggests that we should just hand out money without any guarantee that it will do anything realistic in terms of serving the situation that the country is facing, then I cannot help feeling a certain sense of satisfaction.

**An hon. Member:** How stupid do you think the mayors are?

**Mr. Munro:** The opposition's thinking is so sterile that it surely cannot pretend to be a reasonable alternative to the present government.

**The Deputy Speaker:** Order, please. Is the hon. member for Hamilton West (Mr. Alexander) rising on a point of order?

**Mr. Alexander:** No, Mr. Speaker. I wonder if the minister would be kind enough to allow me to ask a question. The minister berated me in a charitable way because I