

*Government Organization*

of 5½ per cent in constant dollars for the gross national product, and a 3.4 per cent per capita growth. But the economy is not operating at that level. In 1968, at least in the first nine months which are all we have figures for, in real terms the economic growth rate per year was only 4.8 per cent and the per capita growth rate only 2.4 per cent. For the previous year, 1967, the G.N.P. increase was only 2.8 per cent, and the per capita growth rate less than 1 per cent, so that after nearly six years of Liberal government we have not attained the goal which was set for maintaining full economic growth in Canada. We have a short-fall of economic production which constitutes a loss of probably some \$3 billion a year because of the government's failure to implement the recommendations which were made by the Economic Council of Canada.

The second goal they suggested was that we should keep unemployment at 3 per cent or less of the labour force and that we establish this as a desirable goal; they believed it was an attainable goal. I point out that in most of the countries of western Europe 3 per cent would not be accepted as a desirable goal. Many of the countries of western Europe have kept well below 2 per cent and some of them below one and a half per cent.

In Canada in January of this year the unemployment figure reached some 465,000, some 5.9 per cent of the labour force. The fact is, that the economy of this country is not growing fast enough to provide jobs for the thousands of young people who are entering the labour market every year, and the prospects for the future are far from encouraging. The latest reports indicate that an increasing number of university graduates are having difficulty in securing prospects of employment this year, and that there will be an even larger number of students unable to get summer work despite the fact that last year was one of the worst years we have had for a long time.

The third goal which was suggested by the Economic Council was that we should endeavour to keep price increases below 2 per cent per year. But in January, 1969, the cost of living was up 3.8 per cent over January, 1968. The increase in the cost of living over the past five years has averaged 3.3 per cent. In consequence we have the anomaly today of rising prices on the one hand and unemployment on the other. We have inflation and pockets of poverty side by side. The reason is that the government has never committed itself to the attainment of the objectives outlined by the Economic Council of

Canada and has not introduced the kind of policies that would have made that attainment possible. The failure to attain these goals has been due to the lack of government policies and the lack of over-all co-ordination.

It is not the function of government agencies or departments to set over-all goals. This is the responsibility of the government and the government alone. Only the government can establish the priorities for utilizing the various resources required to attain national goals. For instance, the government has failed to establish capital priorities and to place special emphasis on economic growth with proper regard to the relationship between the demand for private capital and the requirements for social capital.

The government has failed to introduce fiscal policies to promote a redistribution of income. As a matter of fact, contrary to the recommendations of the Carter commission, which said that too heavy a share of the tax burden was falling on the middle and lower income groups, the government has continued to increase the burden on these groups, and the final blow was the implementation of the so-called social development tax which seems to summarize the views of the Prime Minister for a just society, namely, that everybody should pay the same tax whether his income is \$8,500 a year or \$85,000 a year.

● (4:10 p.m.)

The government has failed to establish any type of monetary policy to allocate our financial resources with a view to permitting economic growth. The government instead has allowed the allocation of our financial resources to be determined by the market and the ability of certain segments of the economy to pay exorbitantly high interest rates.

The government has failed to introduce any measure of price controls on basic commodities despite the fact that corporation profits for the third quarter of 1968 showed an increase of 5½ per cent over the previous quarter and 15.4 per cent over the same quarter in 1967. For the first three quarters of last year total profits showed an increase of 13.6 per cent over the first three quarters of 1967.

If the government wants to know what one of the factors providing inflationary pressure is it should look at the very sharp increase in profits in this country. The government has done nothing either to ascertain the extent to which exorbitant profiteering has been responsible for rising prices or taken any steps

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