

*Control of Inflation and Unemployment*

country which are disadvantaged, are justified once again by the government's policy of deliberately increasing unemployment. I keep on repeating and will continue to do so, that this increased unemployment is not an accident, is not the result of the workings of the economy left alone, but is the result of deliberate government intentions and deliberate government policies. If the rest of Canada is unhappy about the state of unemployment now, I am sure that the Prime Minister and his colleagues the Minister of Finance and the Minister of Consumer and Corporate Affairs (Mr. Basford) are gleeful about the fact that their intention to increase unemployment has in fact succeeded.

In our view this is a ruthless, inhuman policy. Any government that deliberately increases unemployment in the country is a ruthless and inhuman government. When the prime minister of a country stands up or sits down in front of a camera, no matter where, and coldly says: "I can take 6 per cent unemployment", he indicates he is a leader whose heart is suspended way up in the air somewhere and who has no sympathy for the victims of unemployment. That kind of leader of a country can only be condemned by every right thinking person.

Such a policy is not only ruthless and inhuman, it is self-defeating. The first result of such a policy is the tremendous loss of thousands of millions of dollars in the production of goods and services. To have 6 per cent of the work force unemployed at any given time means the loss of one twelfth—since it is one month we are talking about at the moment—of many billion dollars of wealth which those people would otherwise be producing for Canada and for the world.

It is self-defeating also because large unemployment means an increase in welfare costs and welfare rolls. I heard from my colleagues from Newfoundland the other day that, for example, in some of the constituencies they represent, 11,000, 18,000 and even 20,000 people are on the welfare rolls out of a total constituency population of about 60,000. All over the country, wherever unemployment hits, the result is more people on welfare. Not only does that mean the destruction of the dignity and self-respect of the people who are forced to be on welfare, but it also means the loading on the cities, towns and provinces of vastly increased costs in the welfare field, costs which neither the municipalities nor the provinces can possibly afford. What we have is higher unemployment deliberately induced

[Mr. Lewis.]

by government policy. We have resentment and disenchantment across the country as a result of this policy; we have the destruction of the dignity of thousands of Canadians who are put on the rolls, and we have the disappointment and bitterness of young people who cannot find jobs in their affluent country.

There has been no effect of that policy on the price level in this country. Prices have been steadily going up, and the rate of increase has hardly been affected by this ruthless and inhuman policy of the government. So that as a result of this policy unemployment has increased, with the effect which I have suggested, and there has been no effect at all—and I say this with emphasis—on the continuing and steady increase in prices for the housewife, for the pensioner and for all the people on fixed income in this country. I do not know of any policy that deserves condemnation more than this deliberate policy which results in increased unemployment and increased prices at the same time, walking side by side up the ladder of destruction of the wellbeing of the Canadian people. Why is that?

My colleagues and I suggest that the reason for the failure of this policy is that it fails to recognize the modern kind of economy in which we live, and the fact that prices in the basic industries no longer respond to the supply and demand of the market. We are suffering from managed and administered prices in the most important areas of the economy, and they no longer respond to the broad fiscal and monetary policy. Indeed, these large corporations fashion the market, fashion demand, and therefore the hope that if you reduce globally the total purchasing power in the hands of the people you will automatically have a drop in the price level has been proven wrong, because in analysis as well as in fact that is not the way in which the modern economy works.

That takes me to the conference which ended on Tuesday night. A certain euphoria has been created in this country by the announcement which emanated from that conference and its development has been aided by my good friends of the communications media in the press gallery and elsewhere. I hope that they are right. My colleagues and I will be delighted if in 1970 this conclusion of the conference will affect the lives of the Canadian people in some way. But I hope I do not sound merely negative when I say to the Minister of Finance and to the Minister of Consumer and Corporate