

*Motion Respecting House Vote*

and salary earners in order to return it to the large corporations by way of repayment of their refundable tax.

I said on December 6 last that the mini-budget was unfair. I said its main objective, like that of the bill which we defeated last Monday, was to increase unemployment and slow down the rate of growth in this country. The minister has said so himself in almost as many words. We do not believe this is the right policy for Canada to follow. Even before the tax bill was defeated a week ago the economy reflected the results of the policies of this government and of this minister in a levelling off of investment and an increase in unemployment. Every indicator today shows that next year investment will probably be below the level of 1967, and that unemployment across Canada will increase even further.

Let me remind hon. members that the economic council has indicated on more than one occasion that the work force in Canada is now increasing substantially every year, and that we need to be concerned not only about jobs for the present work force but about providing jobs for an addition to that force at the rate of 3 per cent or 4 per cent each year. Slowing down the rate of growth will necessarily lead to a failure to provide sufficient jobs and to an increase in unemployment.

The Minister of Finance said my leader was promoting policies which were themselves inflationary in order to deal with an inflationary situation. I say to the Minister of Finance, who is not present today, that he is talking balderdash. The fact is that we are living in an economic environment where there is no guarantee whatever that the old-fashioned ways of dealing with such a situation—lowering the rate of growth and increasing unemployment—would have any effect whatever on prices. As a matter of fact we are living in an era in which an increase in the interest rate occurs simultaneously with an increase in the supply of money. This happened over a long period in 1967 and it is unheard of according to normal, orthodox economic textbooks. I venture to say that exactly the same thing is in store for us in the area of unemployment and high prices. We are no longer in a free market, and we have not been for years. We are no longer in a situation where a reduction in aggregate demand, a reduction in the rate of growth, a loosening of the slack in the economy, will automatically produce an effect upon the price structure.

[Mr. Lewis.]

• (3:10 p.m.)

Prices are no longer as flexible as they used to be. Wage costs are no longer as flexible as they used to be. The wage pattern now is that its trend continues beyond the downturn in the business cycle, and the pattern of the price structure does the same because it no longer reflects prices on a free market. This must be so, since in all the most important areas of the economy prices are effectively controlled by the oligopolies which control industry.

For these reasons what the minister has proposed in his economic and financial policy is the worst of both worlds, increases in the cost of living simultaneously with an increase in unemployment. This is the kind of policy he proposes, the kind of policy against which we voted last Monday.

The minister says we do not make suggestions to him. We have made them, but he will not accept them because his government is ridden with shibboleths with regard to the workings of the economy, introducing in the sixties concepts which are no longer relevant. The hon. gentleman talks as though we were living in pre-Keynesian days before the second world war, as though we were not in the hands of monopolies or oligopolies, and as though there were some freedom in the market place for anything other than services.

I say we should control the inflationary spiral not by the destruction of prosperity in Canada, as this government proposes, but by the establishment of a prices review board to make sure that no producer gets unconscionable profits out of the present situation. If its powers are insufficient I suggest the federal government has the duty of calling a conference with provincial governments to determine where jurisdiction over price control lies, and to discuss with them the possibility of imposing selective price controls in order to restrain inflationary pressures. As we indicated in the debate on the budget, inflationary pressures are not the result of a demand pull; they are the result of what the economists call a cost push situation.

It is only by direct means of regulating and controlling the oligopolies which administer prices that you can do anything about inflationary prices. To deal with unemployment we need the stimulation of the economy and not contraction. We need a decline in unemployment and not an increase. I remind the house that every time we slow down the economy, every time we pursue policies that increase unemployment what we do, as I said