

had, in his words, "not been proved correct or incorrect, because they have not yet been tried in Canada." I take it from the statement of the Conservative leader, Mr. Speaker, that his party is proposing the adoption of economic policies quite different from those followed by the former Conservative government, which brought about the longest period of slow growth in Canada's postwar history. Unfortunately, the Conservative leader has been just as vague as the leader of the NDP in outlining the policies his party actually does advocate. He has, for example, repeatedly suggested that a Conservative government under his leadership would have continued to allow the economy to run at full throttle even though it was very obviously becoming dangerously overheated by the strain of steadily accelerating inflation, quite a different argument from the one put forward this afternoon by the financial critic of the Conservative party.

Such a policy, of course, is directly contrary to the approach urged in recent months by both the Organization for Economic Co-operation and Development and the International Monetary Fund, which have both stressed the prime necessity of moderating economic growth in order to bring the pressures of inflation under control. The Conservative leader himself has repeatedly acknowledges the serious threat to the economy posed by rapidly rising costs and prices, but has contended time and again that this problem could be made to disappear simply by appealing to all sectors of the economy to exercise voluntary restraint.

There is no question that the exercise of such restraint would make an important contribution to the maintenance of reasonable price and cost stability and over a period of many months, the government has urged all sectors of the economy to follow this course. Perhaps in some distant day we will have developed a sufficient sense of enlightened self-interest among the various sectors of our economy to achieve by voluntary action alone the balanced operation of the economy necessary to maintain stable growth in perpetuity.

But, Mr. Speaker, you would have to dwell in some kind of Alice in Wonderland world to come to the conclusion that it is possible today to cure inflation simply by appeals for voluntary restraint. As the Conservative leader is aware, the leaders of the business community did agree last year to comply with the voluntary restraint guidelines proposed by the Prices and Incomes Commission, but declined to extend the agreement into 1971 as the commission urged.

The Conservative leader is equally aware that representatives of organized labour adamantly refused to take any part in the national restraint program urged by the Prices and Incomes Commission. In the past he has suggested that the co-operation of organized labour could be readily secured, although how he has never explained. In his speech last week, the Conservative leader reminded the House of his own meeting with the leaders of organized labour earlier this month. He advised us that he had suggested to them that it is, as he said, "most important to labour that we achieve voluntary restraint based upon consultation and co-operation." Unfortunately,

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ly, the Conservative leader did not report to us on the reaction to his suggestion of those representatives of organized labour with whom he spoke, but I think it may be fairly concluded from his silence on this point that he was not overwhelmed by an enthusiastic response on their part.

I have noted that the basic approach advocated by the Conservative leader on behalf of his party involved running the economy constantly at full throttle, while relying solely on voluntary restraint to eliminate the buildup of any inflationary pressures. As the leader of the official opposition has acknowledged, such a policy has never been tested in Canada. For that matter, I know of no other country in the world where such a policy has been tested, or even advocated by any responsible authority.

But does that approach really represent the policy of the Conservative party? Just over a year ago the mover of the present motion, who is also his party's financial critic, condemned the government for proposing a \$900 million increase in federal spending in the current fiscal year to provide the fiscal stimulus required to begin moving the economy back to the path of strong but stable growth. Today, with all the authority and confidence of Monday morning quarterbacks, the Conservatives criticize us for failing to take action early enough or in sufficient strength to promote a resurgence of sound economic growth.

What were they saying a year ago? They were complaining that we were allowing expenditures to run out of control, and proposing a tax increase. "If there were to be control," declared the Conservative financial critic, "if there were to be a real fight against inflation by fiscal measures, we would be taxing to defeat inflation, not merely to catch up with the bills that are coming into the government." In his motion today, the Conservative financial critic charges that the government's economic policies have failed to curb inflation, have accentuated regional disparity and have failed to promote regional development. In a make believe world in which white is black and black is white, that criticism might be understandable, but in the real world in which we live it is quite nonsensical.

If it is not obvious to hon. members opposite, it is at least evident to the great majority of the Canadian people that we in Canada have made substantially more progress than virtually any other western nation in bringing inflation under control, and certainly a great deal more than our neighbour to the south. This government has launched the most far-reaching and concerted effort to promote regional development and reduce regional disparities ever undertaken in Canada. Moreover, the whole thrust of the expansionary fiscal policies we have adopted progressively since early last spring has been aimed directly at assisting those individuals and regions most adversely affected by slow growth, which in turn provide a stimulus to the accelerated growth of the economy as a whole.

● (3:40 p.m.)

Those policies have been opposed by the Leader of the Opposition, despite the fact that for some years he was