

Regional Unemployment

Our plight in Newfoundland and in the east is desperate. Our economic outlook is bad. The Department of Regional Economic Expansion is spending less and less in our area. The Department of Public Works is doing practically nothing under its construction programs. We have another important industry closing, but what do we hear from the Government of Canada? It says it is throwing its hands up; it can't do anything about it. These problems are too great for it to solve. Its only answer is Canada Works and Young Canada Works. That is its answer.

Let us look at some of the things which could be done. The Economic Council of Canada publication entitled "Living Together, A Study of Regional Disparities", says some interesting things. I will not deal with sections of the report to do with disparities, because we are all pretty familiar with them. I will give just one or two examples. In 1970 the average Newfoundland family had roughly one more child and about the third less income than its Ontario counterpart. Apart from housing, it faced a higher cost of living. These factors help explain why Newfoundland is an area of net-out migration and Ontario is not. I could go on through the figures and show the disparities between the Maritimes and Quebec and the rest of Canada.

● (2040)

If poverty is defined as the situation where at least 70 per cent of family income is spent on such basic necessities as food, shelter and clothing, then about 34 per cent of the families in Newfoundland and Prince Edward Island are poor, compared with 11 and 12 per cent in Ontario and British Columbia respectively. On and on it goes.

With regard to earned income, as might be expected in disparities in earning power, Ontario leads the nation while at the other end of the spectrum the earning power of the average Newfoundland in 1970 was only 55 per cent of the national average, and substantially less than half that of the average Ontarian. It is not their fault they have not got the earning power. They do not have the opportunity for high paying jobs. No matter what factor you look at, there are huge regional disparities in this country despite the transfers of income that have taken place in the past ten or 15 years.

Something interesting that is pointed out in this study that should be noted is the federal wage bill. The people in Ontario often feel how much they are contributing to overcome disparity through tax equalization and the like. It is interesting to note the figures given in this study. Take the wage bill of the Government of Canada, page 201. For 1974-75 the wage bill for general government workers in Canada and Canadian personnel amounted to more than \$4 billion, with another \$1.6 billion going to wages and salaries for employees of federal corporations.

The table shows that the wages and salaries of general government and military employees in the Atlantic provinces, particularly in Nova Scotia and Ontario, are substantially above the per capita average of \$185 for the ten provinces. I will give the figures, Mr. Speaker. If you take the federal wage

[Mr. Crosbie.]

bill by provinces and territories, for 1974-75 it spent \$130 per capita in Newfoundland, \$70.7 million; \$440 per capita in Nova Scotia, a good help to Nova Scotia; \$238 per capita in Ontario, \$1,927 million. That gives a tremendous cost to the province of Ontario. Ontarians should remember that when they are considering what goes out in tax equalization. There is \$238 per capita in Ontario, \$440 in Nova Scotia, which has done very well, and \$130 in Newfoundland, the lowest of any province. The federal spending per capita for wages and salaries is the lowest in Newfoundland. Keep that in mind when we consider what the payments are for tax equalization to the rest of the provinces.

Then compare the distribution of the federal wage bill and the distribution in proportion to provincial population by province. It turns out that Quebec is the least favoured by the federal wage and salary bill. They have a deficiency or deficit per capita of minus \$115. Compared to the average, Newfoundland is the next highest with minus \$71, while Ontario is plus \$74. These tables are very interesting to see how equalization is working in reverse when we look at federal expenditure for wages and salaries in government, Crown corporations, and the armed services.

It is also interesting to note, when considering the capacity of the Newfoundland government to do much about the terrible situation with respect to employment and the economic situation, that at page 223 of the study it is recommended by the Economic Council of Canada that the governments of all provinces should try to increase demand in bad times as in the Keynesian theory. The federal government should try to do it also on a regional basis. It is interesting to note their recommendation at page 223, and I quote:

We recommend that, in all the provinces where unemployment rates are usually higher than the national average, except Newfoundland, each provincial government continuously assess how much of its unemployment is due to demand deficiency and stimulate demand by increasing the full-employment budget deficit or decreasing the full-employment budget surplus, as the case may be.

They exclude Newfoundland from that recommendation because Newfoundland is in such a precarious financial position that they cannot recommend that the province of Newfoundland do that. In other words, the province of Newfoundland does not have the financial wherewithal to spend more in bad times, as recommended at page 223 of the report. They will not take the responsibility of recommending that Newfoundland borrow more than it is presently borrowing. Newfoundland has to look to the Government of Canada which has the fiscal capacity and fiscal policy instruments to help overcome this tragic situation.

Is there any wonder that I am going to support this non-confidence motion today? The government has abandoned any commitment it ever had to develop strong regional economies. It still has a Department of Regional Economic Expansion but that department has not built strong regional economies. It is fine to have it spend money, but it and it alone it not developing strong regional economies. No priority is given to national fiscal policies to help the regions, or to transportation policies or energy policies that will help them.