

The Budget—Mr. Gilbert

some of the problems confronting Canadians today.

I should like to direct my mind to the effect of the Budget on the construction industry and in particular the housing problems facing Canada today. In doing so, Mr. Speaker, I would ask you to note that the keynote of the message of the Minister of Finance is restraint on increases in spending rather than stimulus. His objective is a steady and sustained growth in our economy, and he warns that if we do not by one means or another moderate the increase in aggregate expenditures the most immediate penalty we shall suffer is an inflationary increase in prices.

On page 3379 of *Hansard* in his Budget address on March 29 he states:

As a practical matter in our society this danger cannot be avoided by trying to regulate prices and wages. We must deal with the basic issue which is at the present time an excess of spending power over what is available to meet demands. It is this excess which causes rising prices, costs and profits and which harms those in our society whose economic power and bargaining position are weak.

Most of the measures introduced by the Minister of Finance suggest that in his opinion demand is the trouble. So the cure is to take away money from business and those citizens who have some discretionary spending power. This will reduce the demand for capital goods such as machinery and new buildings and for consumer goods. This seems an odd way to deal with the economy in which one of the obvious problems is an acute shortage of money by many Canadians.

When one remembers there are 350,000 unemployed in Canada and that according to the 1961 census some 23 per cent of Canadian families had an income of less than \$3,000 a year and some 700,000 Canadians had an income of less than \$1,500 a year, or in other words 25 per cent or about four million Canadians live below the poverty line, one wonders where the surplus of money is. However, the government is determined to exercise restraint in many sectors and amongst its restraint measures it has pledged to cut back its own proposed construction program by some 10 per cent and has asked the provinces and municipalities also to take a serious look at their plans. What is the effect of this measure?

In the past two years the construction industry has pushed ahead at a very great rate. Investment has been high in all phases of the economy, for homes, apartment buildings, schools and recreational centres, plants,

factories and office buildings. The forecasts for the coming year show that the boom is likely to continue. Added to these natural causes are the many projects associated with the centennial of confederation celebrations and Expo '67. Not surprisingly this surge forward has resulted in sharp rises in construction costs and some corrective action became necessary. However, it is the method by which the government did it which we in the New Democratic Party question.

The major emphasis in the 10 per cent cut-back in federal construction plans is in the public sector. In the private investment field the government has taken some action to slow down the boom, but the fact remains that public and social capital are being cut back more rapidly than is private capital. The government is apparently giving a higher priority to the production of private capital than to the creation of social construction. Although both private and social capital are needed in our economy, the weight of evidence as brought forward by the second annual review of the Economic Council of Canada is that social capital in many fields probably in the long run leads to higher productivity within the economy than does investment in private capital. It is the problem of productivity that is becoming the most crucial in our economy, and its slow growth is one of the major causes of the general rise in prices.

• (12:20 p.m.)

Productivity can be raised by better education. Productivity can be raised by new processes developed through basic research. The government should carefully reflect on its priorities in this field. It should make certain that the genuine needs for social capital in this country are not sacrificed to short run private advantage and profit. Unfortunately the Budget proposes cutting federal government construction by 10 per cent; yet the anticipated cut-back in construction in the private sector as a result of the budgetary proposals is only anticipated to be between 3 and 4 per cent.

What is the present state of housing today? The Minister of Labour (Mr. Nicholson), who is in charge of housing, stated in Toronto in December, 1964:

For all the talk about what we intend to do, for all our efforts, nearly 100,000 Canadian families live every waking moment of their lives under housing conditions that are really appalling—a disgrace to the communities in which they reside. The same 100,000 families cannot find other accommodation on the open market at rents they can