

*The Budget—Mr. Thompson*

prospect for the fall and winter months, combined with serious unemployment which will inevitably become more difficult as the months pass.

Just the other day the Prime Minister (Mr. Trudeau) again said that the government's basic problem is inflation. A healthy and viable economy is a prerequisite for any sound and equitable social order, or just society. The continued growth of general trade, of productivity, of good labour relations and of the general prosperity of the country are all dependent on the effective control of inflation. Thus, it is the government's foremost responsibility to deal with inflation not just by doctoring the symptoms, but by coming to grips with the causes of the symptoms. The government does not seem to have any answer for that.

We come back to the old cycle that has faced us for years. We seem to believe the cost of living can be controlled by cutting back spending, all the time forgetting that as spending is cut back production decreases and when production is decreased unemployment goes up. Then, as unemployment goes up earning power goes down and the over-all economy falters.

The problem is not one of production nor is it one of consumption. Today ours is a problem of distribution. The white paper on tax reform being directly related to this budget is based on the false assumption that inflation can be controlled by holding back expenditures. But all that is being done is forcing us into a situation which, with less earnings and less employment, is reminiscent of conditions in the thirties.

At this time, the unemployment statistics show more than 542,000 of our work force out of work. This is a greater unemployment figure than we had in 1939, 1938 and 1937, and is approximately equal to the unemployment figure in 1936. It is certainly much more than the unemployment figure in 1930 and 1931, when we considered the unemployment situation to be the worst we ever had. It can be said that our population has increased a great deal since then. That is true, but nevertheless the prospect of 7 per cent unemployment, and much higher than that in many areas of the country, leaves us facing a grim prospect for the fall and winter months. Again, I say that the real culprit has been governmental spending.

So far as the taxpayer is concerned, the tax load in Canada has increased from \$6 billion to \$26 billion over a period of 18 years. With

\$13.5 billion as the estimated expenditure for 1970, which is approximately equal to the combined expenditures of the provinces and municipalities, we find that the tax load has gone up nearly fivefold in the last 18 years, much greater than the rate of inflation so far as the cost of living is concerned and certainly much greater than the rise in the productivity of the economy.

Last year when we discussed the budget, the Minister of Finance (Mr. Benson) disregarded certain figures as being unimportant. We do not have the figures for the fiscal year just ended, 1969, but we do know that with the current rate of government spending at one level or another takes more than 45 cents out of every dollar earned by Canadians. It is my contention that this trend cannot continue.

The net national income of the Canadian people as it relates to the gross national product is something much less because the gross national product does not have a direct relationship to the actual earnings of the Canadian people, whether in dividends, commissions, salaries or from the sale of produce. Thus, while the tax load is about 35 per cent of the GNP, it is much more when compared to the national income.

In his budget speech, the Minister of Finance said that the government intended to introduce certain controls on consumer spending as a method of bringing about a more effective control over inflation. If the minister really feels that consumer credit controls, of a type similar to those used in 1950 to 1952, are necessary, why has he delayed the implementation of them? Now, we hear reports to the effect that these controls may be introduced about July 1, but we are not sure.

If the government is of the opinion that inflation is our basic problem, why does it not do something about it through its fiscal and financial policies? To stand still is not good enough. Looking at the over-all picture affecting the taxpayer, and referring just briefly to the cities of western Canada, the cost-price squeeze which faces not only the farmer but businessmen up and down all the streets of our towns and cities, and in particular those on fixed incomes, those on pensions, we see that the government has a responsibility to introduce policies to correct the situation. If the situation is not corrected it will push us into a recession just as dangerous as any that we had in the 1930's. By ignoring the situation the government is ignoring its responsibility.