

convalescent homes where costs per bed are not as high as in acute treatment hospitals. Although these programs are expensive to implement at the beginning, there are savings in terms of lives as well as dollars.

We argue in favour of necessary government spending, but this is not to say that one cannot point at blatant examples of waste and misuse of funds at the federal and provincial levels. Again and again the Liberals allow themselves to be taken in by sharp operators. It is a wonder that any self-respecting businessman can have any respect for the federal government, as it seems to be so lacking in business sense. Consider, for example, the case of Microsystems. The government invested \$36.7 million in this company, receiving no equity in the company nor any appointments to the board of directors. The company has been liquidated under unusual circumstances, with the government losing at least \$30 million of its investment. And what has the government done? Nothing.

Consider also the aircraft industry. During the next few months the government will consider purchasing \$3 billion worth of aircraft for the military. At present \$47 million worth of CF-5s are in storage, presumably because the aircraft are not suitable for use. We are not assured that the new purchases the government intends to make will be useful either, especially as they are being linked to the offers of several multinational aircraft companies to rationalize the Canadian aircraft industry. They intend to do this by generously taking over all the money the government has invested in the industry by way of grants and loans. They intend to produce a line of aircraft which are suitable for the international marketing demands of the company involved, but not to the needs of the Department of National Defence. I hope the Prime Minister (Mr. Trudeau) will look into this and stop that nonsense before it goes any further.

Thirdly, consider housing. We are told that the government is to propose new housing measures soon, as part of the control program. We heard much about housing during the last election campaign, but what did the proposals for housing achieve? As any economist will tell you, the government increased the demand for housing, but not the supply. The result is that house prices in Canada are so high that most, whether they live in Toronto, or Montreal, or Halifax, various areas of the Maritimes, or St. John's, Newfoundland, cannot afford a house. The Liberals will probably want to give the private sector more incentive for building houses. This past spring they introduced amendments to the National Housing Act to provide more subsidies to builders of rental housing. The results are negligible. Apartment starts are still low and the increasing demand from tenants and from provinces for effective rent control shows just how serious the supply problem remains.

In the November, 1974 budget, doctors and lawyers were given a tax break, to encourage them to invest in rental housing. But we have seen nothing significant in the way of new starts. In addition, the government estimated that it would lose \$20 million in taxes, both personal and corporate, by virtue of this tax break. That amount is almost double the federal government's 1974 contribution of \$13 million to senior citizens' housing, and less than the \$18.9 million paid in subsidies for federal-provincial rental housing in that same year.

#### *Government Spending*

An hon. member mentioned Mirabel, and one immediately thinks of allegations of corruption in connection with the airport. I say this to draw attention to the unbelievable amounts of money that were spent on consultant services and feasibility studies in connection with Mirabel. On July 15 the hon. member for Central Nova (Mr. McKay) put on the order paper a question concerning consulting fees and feasibility studies with respect to Mirabel. I do not want to be accused of bringing this matter up from racist motives—we heard accusations to that effect last year. No, I am bringing the matter up simply because it is an example of government waste. The answer to the hon. member's question indicated that since 1968 the Department of Transport has awarded 105 contracts for consulting services and feasibility studies for the Mirabel airport, and that the total amount of money involved is \$41,022,658.34. Surely even the most died in the wool Grit will admit that there is something drastically wrong. No wonder we shall see all kinds of investigations concerning contracts awarded in connection with Mirabel.

In conclusion I wish to say that in a mixed economy such as ours, the government has a most important role to play. I suggest that the government's anti-inflation bill is essentially a wage control program. Hopefully it will be amended so that working people of this country can be convinced that the government wants to control prices as well. At present we are sure merely that it is a wage control program. Broadcasting on the night of October 13, the Prime Minister said we are all trying to take too much out of the economy and that the people must reduce consumption. But consumption accounts for about 60 per cent of our gross national product. If you cut consumption and reduce government spending, you are relying on the other two sectors of the economy to prevent unemployment from rising to 9 per cent or 10 per cent while you look for lower prices. You are relying on business sector spending, and on export sector spending.

We know that business sector spending will probably remain high. The Minister of Industry, Trade and Commerce (Mr. Jamieson) said in so many words that although the government will control dividends for the first year of the program it will not disapprove unduly if profits are ploughed back into the company. I suggest that we need not worry about the capital accumulation of such companies; accumulation will continue, despite the anti-inflation program. In a way that is healthy. We do not want the private capital formation to go too low. Nevertheless it may be that what the government is finally depending upon is the growth of the American and other economies, so that the export sector will carry us along while the consumption and government sector is being used to dampen the economy in order to fight a one sided fight against inflation and hope that unemployment will not rise. However, it is bound to rise. I suggest it will go to 8 per cent this winter. Unless there are radical changes in the government's policy in the next six months, 8 per cent to 9 per cent will be typical next year.

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Some people get tired of hearing me talk of unemployment. It is not just that I come from a part of the Atlantic region where we are used to being the poor cousins in confederation. At the present time it is not only the