

than live up to its responsibilities—sometimes responsibility and leadership involve telling the public the truth instead of knuckling under to the current prejudices—it has opted out. It has become a chicken. That is why we have the present document before us.

Let me put some figures on the record in addition to the statement I have just made. Let us take a look to see what the relationship is between unemployment and government spending. It is very instructive to do this, and I apologize that the figures I am using are not exactly correct because the unemployment figures are in annual percentages and the estimates are on a fiscal basis. However, the figures are close enough to give the kind of picture which I think is important to see.

● (1542)

In 1974-75 the increase in estimated government expenditures was 28.3 per cent. Unemployment was at 5.4 per cent. In 1975-76 the government really worked hard, bought the new conservatism and reduced the increment in government estimates and expenditures to 10.2 per cent. Unemployment went up to 6.9 per cent. In 1977-78—the government's proudest year—the government held its spending down to an increase of 8.2 per cent, but at what a cost! Unemployment went up to 7.1 per cent. If we plot the pattern of government expenditures with unemployment, there is a clear relationship. As government expenditures are reduced, especially in a time of recession, the unemployment rate goes up.

What we see today is a government which has lost its capacity for leadership. It has knuckled under to a conservative reaction—which will change—in order to get votes in the coming election.

The government has abdicated its responsibility to the army of 1.5 million unemployed. I think that is a shameful and disgraceful way to behave.

Let us go on to another theory to which the government has been subscribing. This theory is reflected in the statement made by the President of the Treasury Board. The theory is that as you cut government expenditures, give bonuses to industry, and give corporations tax concessions, they will provide employment. It is a very simple theory. Perhaps I should say it is a simple-minded theory under which the government gets out of the way and private employers are supposed to rush in to fill the vacuum, except that despite the billions of dollars which have been given away in the last three budgets to the private sector, the private sector simply has not responded. When the government gets out, there is nothing to fill the vacuum.

I am not saying that the government should be in a spending position all the time or that it has to stimulate the economy all the time. What I am saying is that when we are faced with the problems associated with 1.5 million unemployed, that is not the time for the government to get out of the economy. This is not the time for the government to abdicate its responsibility because there is nothing to take the government's place. The private sector will respond only if the stimulus comes from the government. It is unfortunate that the private sector does not

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understand this. Who is going to invest if people are not working? Where is the purchasing power going to come from if people are not working?

At the recent federal-provincial conference the Minister of Energy, Mines and Resources (Mr. Gillespie) stated that there were billions of dollars worth of energy projects, public expenditure projects, to put forward in order to create jobs, yet the President of the Treasury Board comes to this House a few days later, gives the lie to that statement, and says the government is getting out of the spending business completely and that the private sector is going to take over.

In politics it is important for people to get elected. Everybody wants to be popular at any given time, but it is also important for people to live up to their responsibilities. In this case the responsibility is that of the government. It might have done the government some good and made it look as if it had some integrity if it had lived up to its responsibility.

The statement made today seems to indicate that the government does not feel it important to provide leadership. By getting out of the economy the government will not solve our problem, and it has displayed its cowardice in its presentation today.

[Translation]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I would like to thank the minister for letting us have a copy of the statement he made in the House a moment ago as well as the papers that accompanied it which enabled us to have a quick look at the estimates for 1978-79. We cannot conceivably examine very objectively such a large volume in a few minutes but I would still like to deal mainly with three points that caught my attention while I was examining the papers I just referred to and as a result of the statement by the President of the Treasury Board.

I would also like to congratulate the officials of various departments who worked on the preparation of these estimates. I feel this book is written in very small print and very small figures. I recognize that there were certainly thousands of hours of work put in this and I think that Canadians at the end of the year will realize that we were dealing with billions of dollars because this is a budget of \$4.35 billion. Today we talk about billions of dollars as we used to talk about ten dollars. Nothing frightens us much anymore as figures also come under the pressure of inflation. The effect of inflation is felt not only in consumer prices but also in the area of debt servicing.

With respect to inflation it is regrettable that a cut of \$323 million should be made in the budget of the Central Mortgage and Housing Corporation at a time when we need further funding in this area to properly meet the demands and needs of Canadians. The cut is unfortunate. The government might tell us: Canadians did not use all the funds made available to them. That is possible. But if they did not, it is because interest rates are too high in relation to their capacity to pay. This is due to people being a little worried over their future, and a lack of confidence. They dare not go into the building industry