

The Budget—Mr. Otto

bad job; you should not have done so and so. Hindsight is very easy.

Mr. Rondeau: The proof is there.

Mr. Otto: I agree with the hon. gentleman, but does that put people back to work?

Mr. Rondeau: No.

Mr. Otto: I am glad my hon. friend agrees.

Mr. Rondeau: You must have solutions.

Mr. Otto: I hope to see a continuation of this debate that reveals concrete policies outlining what could and should be done. If that is the case, I am sure the minister will consider all ideas. To say that the minister is not listening is just nonsense.

Let me just summarize what I have been trying to say. The final solution must be one of gearing production to the increase in the standard of living or, if you like, to increases in wages. We must also be very selective during the next four or five months in regard to how we ease credit or the money supply. If it is eased right across the board, then inflation is bound to follow. But we can still be selective and employ more and more people.

I think the minister was on the right track in his budget when he gave certain incentives to industry as a tax write-off for replacement of capital goods. I think at least he should have doubled those incentives. The government should spare no effort in inducing industry to replace its antiquated capital equipment, because Canada is a country with some of the most antiquated capital equipment in the world. It has been said that Canadian capital goods are older and less efficient than those in some of the new countries of Africa and Asia. It has also been said that if there is a concerted effort by our banking system and by government to induce industry by means of tax write-offs, by forgiveness grants, in matter of replacing capital equipment, we could increase productivity by approximately 28 per cent.

Mr. Rondeau: Fantastic!

Mr. Otto: Yes, it is a fantastic figure; I am glad my hon. friend agrees. I think this can be done. It would be selective in approach because it would still keep Canadian companies making new equipment and machines and constructing new plants. But in the long run it would be to our benefit because we would gain from the increase in productivity and inflationary pressures would not be nearly so severe. A great amount of money is being spent—though I think more should be spent—on the retraining program.

Mr. Rondeau: You will create more inflation.

Mr. Otto: No. My hon. friend does not understand, so let me explain it to him carefully, if he will listen. One out of seven Canadians needs retraining now, but they are hanging on because there is still an opening for their type of effort. The fact is that they should be retrained

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during the next two or three years. This is one direction in which we could use our retraining program money. A much larger share of the budget should be devoted to the retraining program to enable it to encompass more people. Then, over the course of a year or two years, we would get the benefit of their productive capacity.

This involves more than those who are now out of work; it involves those who are really unemployed even though they are still drawing wages. Many companies are keeping on key staff for reasons of seniority and other factors, but these people are really unemployed. They have not yet created a problem, though they will eventually because each company has a reserve. When the reserve is exhausted, these companies will have to tell these people that their talents or skills are no longer required, that the companies cannot afford to keep them on staff any longer. By placing a greater emphasis on retraining we will be able to find a solution to those inflationary pressures that are bound to break at a later date. In addition, we must break up the financial establishment by introducing new ideas, by having more control over the banks.

Mr. Rondeau: Who are these people?

Mr. Otto: I told hon. members who listened to me. Most of our banking and financial institutions are controlled by a very small number of people.

Mr. Rondeau: Is that a fact?

Mr. Otto: It is a fact. They are controlled by a small number of people who are extremely conservative and apprehensive.

Mr. Rondeau: How do you know that?

Mr. Otto: Because I know them. They are reactionary and will not accept new ideas unless they are hit over the head.

The Acting Speaker (Mr. Richard): Order. It being six o'clock, this House stands adjourned until eight o'clock this evening.

At six o'clock the House took recess.

The House resumed at 8 p.m.

Mr. Otto: Mr. Speaker, before the dinner hour I outlined some of the ideas I hoped to hear from members of the House, especially new ideas as to what might be done from now on. I said that I anticipated this debate would take the form of a presentation of ideas rather than of recriminations in respect of what has happened and an indication of who has been at fault. I also outlined some of the prime aspects of the financial crisis, inflation and unemployment in this nation.

In the next few minutes I should like to deal with the immediate problems facing those who are unemployed. The unemployed in this country fall into three groups.