

The Budget—Mr. Beaudoin

worsen unemployment in the automobile industry and cause many costly bankruptcies among car dealers and their suppliers. I think that it is not excessive to contemplate a 25 per cent reduction of new car sales.

● (1430)

I would now like to discuss briefly the housing sector which will be affected by the provisions of the budget. I have sufficient experience in residential construction to know that it is a key factor of our economy. We can even say that the general economy of the country is faring well providing that the health of the building industry be good and flourishing. This industry provides a tremendous number of jobs, from that of wood cutter to landscaper through the intermediary manufacturing jobs and so on. Therefore, I have been quite happy to learn that the CMHC was granted an additional \$200 million and that grants for housing financed on the private market had also been increased. I congratulate the minister for this good action.

Unfortunately, I have to tell him that these grants are not sufficient. I feel the minister and his advisers forgot to assess in depth the housing situation in this country. The falloff of starts in the residential sector has become alarming, as Mr. Blair, Vice-President of the Canadian Real Estate Association said:

At the present time, starts revolve around 170,000 after falling to 122,000 last year. With a bit of luck, we shall reach 180,000 new units this year. Mr. Turner completely overlooks that simple fact.

In other words, the \$200 million will not have much effect since they will help raise the number of housing starts by only 6,000 to 7,000 at the most. However, I should like to make a suggestion to the minister considering the galloping rise in land costs in our major metropolitan areas such as Montreal, Vancouver, Toronto and Edmonton, where very recently I was able to check the situation on the spot. That excessive speculation is seriously slowing down the number of housing starts. The federal government with the co-operation of the provinces should have acted long ago to create a body empowered and commissioned to follow the situation closely to prevent the ill effects of the problem. There is another aspect I should like to point out about the budgetary measures on housing and it is the removal of the 5 per cent tax on insulating material. I cannot help mentioning it, because it is too ridiculous. For all practical purposes, it is all eye-wash and means hardly anything. It is fair to say that it represents something like \$45 per housing unit.

I am aware of the fact that whoever speaks must say something. As his budget was a little thin, the minister had to stuff it a little, but I feel that this step is somewhat simplistic and will have no impact whatever on the prices of lodgings. If the government had really wanted to set home construction in motion again, it should have, as I suggested on many occasions, removed the federal tax on all building materials. It would have considerably increased the number of new house starts, without losing anything taxwise, because of the jobs it would have created and all the direct and indirect taxes that it would bring in the federal treasury over and above the income tax being levied on those workers' salaries and on this whole area of the economy. Then, the Minister of Finance would not have had to be ashamed of such a measure, and I am

[Mr. Beaudoin.]

sure that all my colleagues in the House would have applauded and commended the minister, whatever might be their political hue.

However, I would have greatly wished that a correction had been made to what is commonly referred to as the \$500 subsidy to new home buyers. Since one of the main eligibility criteria is the fact that the applicant must be a first time home buyer, there is a serious prejudice for farmers who sell their farms to build a new house. They are not eligible for the \$500 government grant because they owned a home before; this is clearly unfair since a farm is nothing other than a business. The situation is exactly the same as if the \$500 grant were to be refused someone who wants to build a home, under the pretext that he owned a restaurant, a plant or some other business.

The Minister of Finance did not include that provision in his budget, but I do hope the Minister of State for Urban Affairs (Mr. Danson) will take note of my proposal and, as soon as possible, correct that anomaly and so help increase the number of new housing starts.

With regard to the control of public expenditures, I am happy that the government has finally recognized the principle I have voiced on several occasions. The government must at all cost watch its expenditures very closely, just as a private enterprise must if it does not want to go bankrupt and be, as the saying goes, "in the red everywhere". I do not know whether businesses are operating in the red everywhere in the country because Parliament does, but I do know deficits are accumulating. This is the first time, in a very long while, that the federal government makes an effort to contain the increase in its expenditures. One can but approve, for instance, measures aiming at a restriction of fees paid to consultants and of civil servants' travel costs. I hope this is only the first in a series of measures to reduce unnecessary expenses. We might dwell on them at length, because we are not short of them.

On the other hand, other measures concerning restrictions of expenses are much less acceptable because they still affect average Canadians. There is, among others, the matter of unemployment benefits which will not be accessible any more to people aged 65 or over; furthermore, the recent legislation concerning old age security is very incomplete, and both measures combined will undermine considerably the purchasing power of some senior couples. It will be, for instance, the case for the 65 years old man who will see himself deprived of his unemployment benefits, on the one hand, while, on the other hand, his wife will not be entitled to the spouse old age security pension if she is under 60. It will therefore be a serious injustice to those senior couples who will henceforth be forced to try and live the two of them on one old age pension, while, at the same time, supporting the price increases in the fields of gas, heating oil, food, drug and other fields. In view of the circumstances, I ask the Minister of National Health and Welfare (Mr. Lalonde) to amend as soon as possible his latest piece of OAS legislation by making it possible for the spouse of a pensioner to automatically receive her pension, no matter what her age.

Furthermore, the decrease from 75 to 66 per cent of the special unemployment insurance rate will seriously affect