

The Address—Mr. T. C. Douglas

There is a distinct possibility that the Canadian government's austerity program could result in an economic over-kill that would cause a slowdown of our long-term economic growth, which is so essential to increased production and full employment. There are some indications that this is already happening. The latest Dominion Bureau of Statistics figures show that in the second quarter of this year there was a drop in output of one-fifth of one per cent, compared with the 1.8 per cent increase in the first quarter of 1969 and the 2.7 per cent increase in the last quarter of 1968. Industrial production for August shows a decline of 1.6 per cent when compared with the figures for the previous month.

I suggest, Mr. Speaker, that the government's policy of creating slack in the economy is based on the erroneous theory that inflation in this country is the result of too much money chasing too few goods. There is certainly no lack of goods, and very large sections of the Canadian people are certainly not embarrassed with too much money. The government may have in mind our corporations whose profits in 1968 increased by 20 per cent. But for the old age pensioners, the veterans, the farmers and the fishermen of this country, an abundance of money has certainly not been a problem.

Inflation in this country has been aggravated by an unequal distribution of income and a misallocation of our resources. Far from rectifying the situation, the government's program of restraint will only widen the gap between various income groups, accentuate the unjust distribution of income and impose an unacceptable degree of suffering on that section of the Canadian people least able to bear it.

Second, I suggest that the government's policies to combat inflation are not only a colossal failure but are grossly unfair. The burden of the fight against inflation has been placed entirely on the public sector, while the private sector remains completely unrestricted.

In its attempt to contain inflation the government is cutting back on essential community services. Funds for public housing, urban renewal, winter works, pollution control, drug control and research, salmon spawning projects and hospital construction have been severely restricted. At the same time the commercial sector of our economy has increased its capital expenditures for this year, over 1968, by more than \$281 million. Expenditures in this area amounted to almost \$1.5 billion last year. A substantial portion of this amount

was spent on the construction of prestige office buildings, chain stores, movie theatres and hotels. We maintain that if restraints are needed, surely it would be more sensible to space out postponable private investment and give priority to essential community services such as schools, hospitals, housing, urban renewal and pollution control facilities. The government keeps talking about establishing priorities, but restraints have been imposed without any regard for the social priorities and the needs of the Canadian people.

For example, when medicare is being introduced, hospital construction grants are being discontinued. Health resource grants have been frozen at a ridiculously low figure while supermarkets, prestige office buildings and gas stations proliferate. Apparently the government is prepared to allow the private sector to use our available resources on the basis of profitability, while essential public services are restricted in the name of austerity. The cities of Canada are being extremely hard hit by the government's decision to cut federal expenditures. The growing urban crisis has been left to smoulder and wreak its inevitable havoc in individual despair and social tension. The Economic Council of Canada warned the government of a major housing crisis and urged it to take action in these words:

...major new initiatives to cope with the problems in the housing industry are urgently needed if Canadians are to be well housed in the future at reasonable prices.

In spite of this warning, the minister responsible for housing announces that he has no further funds for public housing or urban renewal this year. It is increasingly evident that the free play of market forces cannot solve the housing problems of the low income and middle income families. For these groups the government's decision to freeze public funds for housing means higher rent, poor accommodation and too large a share of their income being expended in obtaining shelter.

Nothing illustrates the governments' schizophrenia better than the announcement of the minister responsible for pollution control, the hon. member for Saskatoon-Humboldt (Mr. Lang), to the effect that the municipalities should apply to Central Mortgage and Housing Corporation for assistance. At the same time the minister responsible for Central Housing and Mortgage Corporation, the Minister without Portfolio (Mr. Andras), indicates that no money is available and advises the municipalities not to send in their applications this year.

Mr. Gilbert: Shame.