

*The Budget—Mr. Saltzman*

Mr. Speaker, any budget that does not move to ameliorate the conditions of poverty in this country must also be considered a disgrace. In a report in the *Toronto Star* of October 21 the Canadian Welfare Council pointed out that 400,000 children live in squalour. The report went on to say that the first major study of housing conditions of welfare recipients in Canada indicates as many as 400,000 children live in shoddy, depressing and disease-ridden homes that lack even basic toilet facilities. On October 24, in the *Toronto Telegram*, the Canadian Welfare Council accused finance minister Benson and the federal government of just plain, damned dirty tactics. The executive director, Mr. Bates, said:

Mr. Benson was only attempting to mislead the Canadian public by calling the 2 per cent increase in income tax a social development tax. It is most unfair and most inaccurate because the budget does not say there is any social welfare program or social development program to go with such a tax. He claimed the label was part of an apparent campaign by the Trudeau government to discredit social welfare programs and to condition the Canadian public against the financing of any further such programs. It is just plain, damned dirty tactics—

It is not that the Canadian economy lacks resources to ameliorate these conditions. It is not that the Canadian economy does not possess the inherent ability to correct poverty and provide decent housing for its citizens. It is just that this government has refused to set priorities in our economy, priorities that are meaningful and productive for our people.

• (8:10 p.m.)

At a time when we cannot build enough houses for those who need them, construction goes on which we could very nicely do without. Retail chains seem to have no trouble meeting their needs. A recent report in the *Globe and Mail* states the Dominion Stores plans to open 200 more stores and Steinberg's intends to open 15 or 20 stores a year. Kresge plans to open five or six. It would seem that every major chain is expanding. There does not seem to be any lack of money for their expansion plans. It is too much to expect that those millions of Canadians who are badly in need of homes would agree that shopping centres should have first priority. Perhaps instead of camping in the office of the mayor of Toronto some of these people who need homes so badly might be bedding out at the shopping centres.

In the face of these problems of high unemployment, not enough jobs for the young people who are entering the labour force, a bad

[Mr. Saltzman.]

productivity performance in our society, intolerable poverty amidst the affluence of some, the wrong priorities in terms of the needs of its people, what does this government propose to the Canadian public? It proposes a stand pat budget. It proposes to drag its feet. It proposes a balancing act, but it is a balancing act that will see the Minister of Finance take a tumble. Just as the former minister could not move his budget close to balance, just as his predictions on deficits were wrong, so too this minister probably will be wrong. If he balances his budget at all it will be at a cost of intolerable unemployment. The only time it makes sense to balance a budget is when the economy is operating at or near full potential. We are a long way from that.

If the minister wants to balance his budget sensibly he should be introducing full employment policies, because only under full employment can a budget truly be balanced without disaster. Departures from potential output will cause the Canadian people to endure economic losses which can never be regained. At less than full employment the government's taxation expenditure system automatically produces a deficit. Revenue does not rise as fast as it would at full employment because individual incomes do not move up into higher tax brackets. Spending on welfare and unemployment insurance automatically increases as the economy falls away from full employment. Together these two effects produce some economic effects in the form of an automatic deficit any time the Canadian economy falls short of its potential output. The deficit that is produced in this manner is just about big enough to stop unemployment from worsening, provided consumer business and government spending stays steady.

A balanced budget is correct policy for stabilizing a fully employed economy, but at present the Canadian labour force is not fully employed. Indeed we are far from that goal, and the rate of unemployment is rising throughout the land. The Minister of Finance has responded to this problem with a budget aimed at economic contraction rather than expansion. He has cut the deficit this year and has promised to balance the budget next year. This policy ignores the need for a policy to revive employment, and it goes far beyond the idea of a balanced budget at full employment. It is a ridiculous growth impeding policy.