

Government Spending

The Acting Speaker (Mr. Turner (London East)): Order, please. I regret to interrupt the hon. member but his time has expired.

Mr. Hnatyshyn: On a point of order, Mr. Speaker, when I was interrupted I was just noticing the time and—

The Acting Speaker (Mr. Turner (London East)): Order, please. The hon. member's time has expired. The hon. member for Cape Breton-East Richmond (Mr. Hogan).

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, the Liberals are fond of telling Canadians that they are good administrators, that in fact only they are capable of running this country.

My experience and observations are that the Liberals may be pretty good in dealing with cultural matters such as Canadian unity, and I guess that is because of the historic relationship of the Liberal Party with Quebec, but when it comes to the economy they just cannot cope.

Mr. Guay (St. Boniface): Ask him why he left the church.

Mr. Hogan: You keep the church out of that, Joe. You should have more sense than to introduce it.

When it comes to inflation they admitted until recently they were powerless to deal with it, blaming it all on international forces. They should have stuck with that line. What has been proposed now, wage control, has been almost universally dismissed as the wrong solution to the problems facing the Canadian economy today.

Seeing the Liberals floundering so badly in trying to solve the country's economic problems, we in the New Democratic Party produced a number of suggestions for useful measures which could be brought in to reduce inflation and to temper its effects, for example, a selective price controls and prices review board with teeth in it; measures like public assembly of land for housing to eliminate the speculative factor that is driving up housing costs; projects like orderly public development of our energy resources to ensure that we have a constant and reasonably priced supply; a two price system on selected commodities, although they seem to have adopted that one in the anti-inflation legislation. But the Liberals generally refuse to take sensible measures seriously. Instead they are subject to the wildest of notions on how to control inflation. For example, reading in the financial pages that it is imperative to cut down on government spending in order to control inflation, they seem to respond uncritically.

Look how they do it. We read in the June budget that some \$800 million is to be saved by cutting the budgets of federal government departments. What programs in what departments are being sacrificed? There is no indication in the budget that any thought was given to priorities in government spending. Instead we were treated in some cases to hysterical strokes of the pen.

Take the small crafts and harbours expenditures. Over the last ten years the government managed to bring expenditures for small crafts and harbours, which affect so many small communities on the west coast and the east coast, from \$12 million to \$30 million. In the June budget

[Mr. Hnatyshyn.]

this year the then minister of finance took \$10 million away and the government let him do it despite the fact that so many small fishing communities will suffer terribly as a result. They will suffer not only because of the multiplier effect of that money being taken out of local economies but because they will not have the means, such as harbours and so on, to improve their productive capacity and help supply some of the protein that Canada and the world needs. The people in all those villages on the west coast and on the east coast lost \$10 million on that deal, and the cabinet approved it.

Again, finding that due to continuing high unemployment rates more government money is being spent on unemployment insurance than originally predicted, they contrive to shift the cost of UIC away from the federal government to the employers and workers. They accomplish this by increasing the payroll tax and the premiums paid by those who are working and by their employers. This scheme will save the federal government hundreds of millions of dollars, but it will also remove an important incentive for keeping unemployment rates low. But unemployment of 7 per cent to 8 per cent does not seem to worry the cabinet.

Not only are the results of some of this policy of slashing government spending socially odious such as I mentioned in regard to the small crafts and harbours case, but the thinking behind the policy is misguided. I say that because in the first quarter of 1975 the public sector spent some \$4 billion in gross fixed capital formation. In comparison, the private sector spent over five times as much—\$21 billion.

If one is concerned about spending and ensuring that the investment which occurs in the economy is of the type which produces the goods and services we need and not simply contributes to great inflation, then it makes more sense to ensure that spending in the private sector increases so that we can achieve public interest goals.

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Cutting necessary public spending on the pretext of fighting inflation may be damaging. For example, let me refer to something that happened before the last federal election. Just before the election the Department of National Health and Welfare published a document which was to be a new perspective on the health of Canadians. The report emphasized that if we were to improve our health standards we must spend more money and devote more resources to preventive medicine, rather than trying to repair the damage at the last minute, long after it has been done. That sounds like a sensible approach, does it not? In other words, don't wait until the man is half dead from lung cancer, from breathing asbestos fibres, or coal dust every day at work, and then try to lengthen his life with surgery. Make an early diagnosis of his condition by using social devices, such as community health centres which are stuffed to provide the service. Treat him, and remove the source of the polluted air.

I point out that the federal government did not come up with this as an original idea. New Democratic Party provinces, particularly Saskatchewan, have long said to the federal Liberals that Canadians need more health facilities, not less, and that it costs less in the long run to catch disease at an early stage and treat it in health centres or