

The Budget—Mr. Broadbent

ernment action, housing is it. Moreover, the right kind of action, unlike action in certain other sectors, could simultaneously meet a human need, be deflationary, and create thousands of jobs.

What Canadians wanted in Monday's budget as far as housing is concerned was major action indicating both concern and imagination in dealing with the crisis to which the Prime Minister referred about a year ago. They got neither. Instead, the Minister of Finance made the announcement that CMHC would increase its spending by a paltry \$200 million. This would build no more than 8,000 housing units. So much for the crisis. It will not even enable the government to meet its abysmally low target of 210,000 units for this year.

Moreover, the government plans to rely primarily on precisely the same programs as those which have got us into the present mess; more subsidies to the moneylenders and more financial incentives to the property developers—the very programs which have failed to work.

When the Minister of State for Urban Affairs (Mr. Danson) brought forward legislation in these fields earlier in the year, we in the New Democratic Party told him his plans would not work, and we opposed the legislation. He said they would induce a billion dollars of private funds into housing. We said he was wrong. It turns out that he was wrong, and he has recently acknowledged this to be the case. Business has invested, and continues to invest, where it can get the greatest return, be that shopping centres, luxury hotels, new offices, or Harvey's hamburger stands. There has been a decline of approximately 20 per cent in business investment in residential construction so far in 1975.

The addition of \$200 million to the CMHC budget will bring the total for this year up to only \$1.6 billion. Mr. Speaker, eight years ago, when housing cost a mere fraction of what it does today, the corporation's budget was almost the same—\$1.5 billion. I ask hon. members to note the following figures carefully. If they do they will be in a position to understand the degree of priority which the government is, in fact, giving to housing.

In 1967 the government spent 14.3 per cent of its total budget on housing. Today, in the middle of a crisis described by the Prime Minister, and admitted, by the Minister of State for Urban Affairs, what proportion is being directed into the housing field? It was 14.3 per cent in 1967. Has it doubled since then? Has it, at least, been increased substantially? No, Mr. Speaker. The figure today is 5.4 per cent.

Mr. Benjamin: Shame!

Mr. Broadbent: Is there any wonder there is a housing crisis in this country? In the mind of the present government, housing is obviously not an important priority.

On behalf of my party, speaking both in the debate on the address in reply and in the budget debate last fall, I warned that unless the government took immediate, corrective action we would have a major recession on our hands. Again, in the course of special debates in February and May, I urged the minister to bring in a new budget quickly to head off recessionary trends. It is no consolation, Mr. Speaker, to look at the most recent figures for

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unemployment and industrial output and to say, "We warned you."

We are now in a state of negative growth, and more than 700,000 Canadians are unemployed. The fact is we are now deep into a recession. No amount of evasive talk can disguise the fact. More Canadians are out of work today than at any time since the depression, and all Canadians are troubled by lingering inflation.

As I said at the outset of my remarks, the budget does not cope with these problems. Indeed, sadly, it will have the cruel effect of increasing both the cost of living and the level of unemployment. The new budget should have been expansionary and, wherever possible, increased expenditures should have been aimed at both job creation and the mitigation of inflation. These are not, as some would have us believe, mutually contradictory objectives.

Let me make a few specific points:

First, in housing, for example, the minister should have radically revised his target of 210,000 units upward to 400,000. To achieve this figure the government would have had to increase its own expenditures substantially. It should also have followed the example set by the B.C. government and gone directly into the development business. It should have taken immediate action by changing the Bank Act to bring down mortgage rates. By so acting, Mr. Speaker, little or no inflationary pressure would have been put on the economy. Indeed, the slack in the lumber industry in New Brunswick, in Quebec and in B.C. would have experienced a recovery and the 20 per cent unemployed in the construction industry would have found new jobs. Instead of putting new inflationary pressures on labour and resources, such action would simply have men and women off the unemployment lists.

Secondly, we should have had a reasonable tax reduction restricted to average and low income groups in order to compensate for inflation and to stimulate demand in the economy, which has ground to a halt. Instead, we got a disguised and dishonest tax increase on ordinary people coming in the form of changes in the unemployment insurance regulations.

Thirdly, there should have been a public commitment to freeze the price of oil—good for both Canadian industry and for every Canadian family. Instead, of course, we get the opposite—an increase in the price permitted by the government, and a special excise tax of 10 cents a gallon levied.

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Fourthly, there should have been an increase in the federal minimum wage to \$3 an hour, which is once again needed to enable those affected to cope with inflation.

Finally, Mr. Speaker, in the area of inflation and unemployment what Canada requires is a national development plan which takes fully into account certain short run and long run advantages that we possess as a country. Potential self-sufficiency in petroleum gives us a real edge over the industrial countries in the common market, and over Japan in the immediate situation, even though their populations are larger and their markets more extensive. Our immense natural resources give us a long advantage shared by few other nations in the world.