

House until they see those statements translated into action. Indeed, 99 per cent of the taxpayers will not have the vaguest idea where they are headed when they get their income tax forms next year. It will only be the year after that that they will know.

There is no assurance that the surtax won't be reimposed. Who is going to pay for all these goodies? The only other alternative—and mind you it isn't a bad one—is not to spend any more than you collect. That is not a bad principle, but we have departed from it. However, that is a common sin, and I should not accuse the government alone of it. The government has attempted to mislead Canadians by suggesting that the cuts made in taxes for low income people constitute tax reform. Just before he sat down the minister indicated that the removal of people from the tax rolls is tax reform. I wonder, is it tax reform? Are you reforming somebody's tax position when he wasn't paying any tax, or just a handful of dollars a year? How does a parent with a large number of children, employed full-time, pay income tax? The philosophy of what members of the government are trying to tell us is wrong, and if it is not wrong then they are being dishonest. Neither the opposition nor the Canadian people will be persuaded by this type of rhetoric. It will be fine for a while. There is a little bit of something for everybody, but it will be interesting to see what happens over the next year or two with respect to this particular package that is in front of us. From what the minister says, I gather that this is the path he is going to follow as long as he happens to remain in office, which is not going to be very much longer, Mr. Speaker.

I want to talk about the impact of massive unemployment on our lives. I want to talk about its consequences in Canada. I want to indicate this to hon. gentlemen who are in the House now, because very obviously they are not aware of it. Very obviously, they are not concerned. The whole approach of the government has been that it will do anything to cut back on inflation, and that it will deal with unemployment later, that the American economy will bounce back up and drag us up with it. I do not think that has happened. I think the minister realizes that.

Massive unemployment has particular consequences for the different economic sectors of Canada. We place a disproportionate burden on certain regions of Canada when we allow massive unemployment to take place. I do not say we allow it to take place maliciously, but we do allow it to take place for various causes, and this gives me concern. In December, 1970, the Minister of Finance expressed optimism that both employment and output would move ahead strongly in 1971. The first quarter figures for 1971 show very little reason for that optimism. In fact an increase of only .6 per cent in the gross national product in the first quarter of 1971 stands out in my mind as being in sharp contrast to the fourth quarter increase of 1.5 per cent in 1970, on which figure the government made its fatal error, expressing optimism for the future.

Domestic output has shown very few signs of recovery in spite of the minister's actions. If you remove the

*The Budget—Mr. Forrestall*

automobile industry from the statistics which the minister is attempting to put in front of us, if you exclude it from the aggregate calculations on which the minister based his comments, then the real domestic product declined in the first quarter of 1971. That happens to be a fact. They don't build that many cars in *Ecum Secum*. They don't build too many in North Bay either. They don't build them in southwestern Nova Scotia. That is where the unemployment is. It is morally wrong for the minister to stand up and continually tell us that things are all right. The average rate of growth in 1970 was only 2.9 per cent.

• (4:50 p.m.)

In 1970, Canada's rate of unemployment was the highest in the western world. That is a fact. In addition, this country had the second lowest rate of over-all growth among countries of the western world. These two facts may indicate to the Canadian people the panic with which the Minister of Finance approached the subject, because he recognized those two problems. It is too bad that he did not recognize their impact on our community. The government completely miscalculated the extent of the slowdown that it generated deliberately in 1969. That slowdown, I suggest, has made the policies of the government most inappropriate and totally unacceptable, because we wish to return to a vigorous economy blessed with high employment, and I do not mean the 4 per cent or 5 per cent being bandied around by the government. I am referring to an unemployment rate that is substantially below 3 per cent. My hon. friends to my left have spoken about this. Why should that not be possible in a country like Canada?

How many people can you blame for unemployment. We have blamed it on labour; we have blamed it on business; we have said that there are too many women working; we have blamed it on high school kids and, lastly, we have even blamed it on the Canadian weather. After all, this is the government's responsibility and not anybody else's. As our economy enters the second quarter of 1971, the errors of the minister's forecast and the inappropriateness of the government's policy are obvious to everyone except the Minister of Finance. I say that assuming he was the one who led his colleagues to adopting the present budget. We, in this party, have consistently pressed the government to base its recovery program on as broad a base as possible. The extent of the recovery needed is too large for the federal government, by itself, to guarantee any continuing success. Business confidence must be restored to that level which the budget introduced the other night failed to restore it. You can talk all you want about the little bump in the charts or the upturn of the past week. Businessmen I have talked to are still chock-full of concern.

If these tax cuts, and if this emergency assistance had been forthcoming when requested by the Leader of the Opposition (Mr. Stanfield), by the financial community, by institutional groups and by others in the country in early 1970 or late in 1969, the Minister of Finance might have found himself in an entirely different position with