

medical services. The government will preserve the main principles underlying our health system: it is universal, free, portable, accessible and it is publicly administered.

Canada would not be the country it was meant to be if it neglected the poorest among us, those on welfare and the unemployed. Canadians do not want Canada to be the kind of country where young people despair of ever making their way in our society. Most of these less fortunate Canadians want one thing above all: a chance to have a job and the dignity that a job confers. In the Speech from the Throne you heard that dealing with unemployment will be one of the government's special priorities.

The government realizes that this is quite a challenge. At first glance, there seems to be a particularly cruel dilemma. All governments in this country are in debt and spend enormous amounts of their income on servicing their debt. However, every spending cut inevitably causes a loss of jobs. Every person who becomes unemployed and every welfare recipient who is able to work represents an annual increase of \$16,500 in the deficit, and thus the debt, of the entire country, for a total of \$45.375 billion, an annual amount equal to the federal deficit.

Let me explain briefly how the annual cost of unemployment is calculated.

[English]

Here is how one arrives at the figure of \$45.375 billion, representing the total cost of unemployment. Before losing their jobs, the unemployed and those on welfare who are able and willing to work used to earn on average \$23,000, on which they paid a total of \$6,303 in federal and provincial income taxes, GST, and provincial sales taxes. That \$6,303 was a plus figure, written in black ink in the account books of the federal and provincial governments. When these people lost their jobs, they received in UI or welfare payments an average of \$13,110. That figure was written in red ink, a loss for government, in other words. That loss of \$13,110 was reduced to \$10,187 by the total of \$2,923 which the average person on UI or welfare pays to the two levels of government in income taxes, GST and provincial sales taxes. This figure of \$10,187 is written in red ink in the account books of the federal and provincial governments.

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Looking at the state of government ledgers, a plus of \$6,303, when the unemployed were working, becomes a minus of \$10,187, when they have lost their jobs. It works just like a thermometer. If you go from plus \$6,303 to minus \$10,187, you have experienced a fall in revenue for governments of \$16,500. As governments are in a deficitary state, a fall in revenue of \$16,500 means an increase of the deficit and of the national debt by \$16,500.

Now there are 1.5 million unemployed. Of the 2.723 million people on welfare, 46 per cent, or 1.25 million, are able to work and want the dignity of working, according to pertinent surveys. Counting those on UI and welfare who are willing and able to work, we have a total of 2.75 million jobless people hoping for a

job. Multiply this by the \$16,500 deficit each represents for the government, and you reach the total of \$45.375 billion. That is equal to the federal deficit.

[Translation]

The figure of \$45.375 billion is absolutely correct. It includes unemployment and welfare benefits plus tax revenues foregone by governments, the incomes of the unemployed and welfare recipients being much lower than they would be if they were working. It means, they pay far less income tax and buy fewer consumer goods, which of course has a negative impact on the private sector. I think it is very important to remember that these 2.75 million people who are out of work and who want to work each cost our society \$16,500, in return for which they produce nothing. They contribute nothing to the gross domestic product, while when each of those 2.75 million people were working and earning \$23,000, they each contributed \$23,000 worth of goods or services to the gross domestic product.

[English]

Cutting government expenditures means, inevitably, cutting jobs among public servants, but it also means cutting jobs among those businesses that provide goods and services to these public servants before they lose their jobs, as well as cutting jobs among those who provide goods and services to the government itself.

[Translation]

I think it bears repeating that fewer jobs inevitably lead to less consumption and fewer sales. Fewer sales inevitably lead to a drop in production and an additional drop in employment.

[English]

Less consumption means less production, and that means fewer jobs. Each job lost, as we have seen, adds \$16,500 to the combined deficits of the federal and provincial governments.

The other dimension of the problem is that each business which saw its sales fall, because unemployment caused a fall in consumption, tried to defend its profitability by becoming more efficient, by doing more with less, by buying labour-saving equipment. You cannot blame those business people. Any of us would have done the same thing in their place.

Supply-side economic theory claims that eventually — eventually — all this restructuring and down-sizing will produce jobs, because businesses, having cut costs and become more profitable, will be able to invest those profits in new ventures and thus create new jobs; enough new jobs, eventually, to reduce unemployment. Economists who tell me the best thing the government can do is to leave the economy alone because it will eventually produce all the jobs needed have never given me a description of “eventually” shorter than 15 years.

Supply-side economists further claim that government should reduce taxes on business so that there will be more capital to invest; they say that such investment in capital generates jobs, eventually.