The Budget—Mr. Allard

Mr. Stanley Knowles (Winnipeg North Centre): Six o'clock.

Mr. Allard: Unemployment still exceeds 2.7 per cent. Putting these unemployed to work would bring our economy to its full capacity. Mr. Speaker, may I call it six o'clock?

[English]

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED UNDER ADJOURNMENT MOTION

The Acting Speaker (Mr. Rinfret): It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised at ten o'clock this day are as follows: The hon. member for Chapleau (Mr. Laprise): Television—Chibougamau-Chapais—suggested use of services of the Northern Quebec Telephone Company Limited; the hon. member for Hamilton South (Mr. Howe): Unidentified flying objects—request for investigation; the hon. member for Mackenzie (Mr. Korchinski): Agriculture—Cream—request for acknowledgement of subsidy applications.

At six o'clock the house took recess.

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AFTER RECESS

The house resumed at 8 p.m.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Mitchell Sharp (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Monteith.

[Translation]

Mr. Allard: Mr. Speaker, when the house adjourned at six o'clock, I was saying that in spite of the optimism of the Minister of Finance I was not convinced that our economy had reached its maximum efficiency since there is still a 2 per cent gap between its present and its potential capacity.

Our rate of unemployment still exceeds 2.7 per cent, the level usually maintained by an economy operating at full capacity.

[Mr. Allard.]

According to the statistics for the week ending March 19, 1966, the national rate of unemployment reached 4.8 per cent, while it went up to 6.5 per cent in the province of Quebec and to 10 per cent in the Maritimes. Only Ontario, with a rate of 2.9 per cent, comes close to the ideal rate of 2.7 per cent. Must it be inferred that the minister tailored his budget to fit the situation in Ontario, rather than the situation throughout the country, instead of taking into account uneasiness and stagnation prevailing in several other provinces?

That is why when the minister claims that our economy is operating at full capacity I say he is shortsighted, that he sees only his own province and is being hoodwinked by a dangerous misconception.

Consequently, the measures he has announced will have effects damaging to our whole economy, and disastrous to the economy of several provinces and regions. If in addition, as a consequence of the restrictions he is laying down, a recession were to occur within six months, the situation would be serious.

Even if the claims of the minister were to be recognized the question arises whether the means he is using to achieve his objectives are the best. Mr. Claude Ryan, in a well-informed commentary published in the editorial of the newspaper Le Devoir on March 31, 1966, rightly pointed it out.

If a reduction of expenditures is required, such reduction should be made simultaneously in several areas. Tackling the excessive and wasteful expenditures in the Department of National Defence, to my mind, would have been indicative of wise management.

Applying his theories the minister has only reduced federal expenditures on construction work by 10 per cent, or $35 million out of total expenditures of $9 billion, a rather meek gesture.

Furthermore, the 5 per cent redeemable tax on private enterprise's gross profits and the partial and gradual exemption of the 11 per cent tax on some capital equipment do not take into account the diversity of industrial development from one area to another and the variety of equipment problems.

If the minister had to raise personal income tax, nothing prevented him from introducing changes and taking into account the family responsibilities and the education expenses of the taxpayer instead of following