

The Budget—Miss Carney

balance the country's books over the long term. But one dominant theme of his budget is that the country will be permanently in debt for the foreseeable future, a debt which threatens our ability to pay for the social programs we have gained over the years. I will return to that point in a moment.

A further scrutiny of his budget shows that the instigator of the National Energy Program which in effect expanded federal control over the energy sector is at heart still the great inter-venor. He has announced literally hundreds of changes to Government programs, and it will take time to absorb their implications.

He has extended the Canadian Ownership Charge to finance unnamed purchases at a cost to the taxpayer of between \$700 million and \$1 billion annually. In his "buy now pay later" budget where he expects to raise his revenues through tax increases after he spends them, he has set up the business sector as the fall guys if in fact his policies fail—he can blame them for failing to respond to his incentives. But some businesses will not be able to respond because their markets are depressed. The Minister has done little for consumers whose real incomes are falling and not much at all for the unemployed who need to get back to work to earn pay cheques needed to encourage consumer spending.

In essence, what the Minister has done is attempt to bridge the gap between the present time and 1984-85 when the economy may return to the levels of growth it achieved in the pre-recession economy. That is okay, but he has failed to address the basic structural problems which we face in the country today. That is where he has failed to show the leadership we require at this time.

Surely what must be most striking to Canadians is that the budget promises recovery at the same time as it predicts that unemployment will remain at 10 per cent or higher until 1986. The reality is that Canadians face at least three more years of double-digit unemployment. Even in 1984 there will be 55,000 fewer people with jobs than in 1981. How can those grim projections square with the Minister's promise of recovery? Partly because only part of the special recovery capital projects represents new spending. We are told these projects are funded at a cost of about \$2.2 billion, of which \$1.5 billion is new spending. Of that \$1.5 billion, only \$460 million is expected to be spent in the current fiscal year. That does not do much to provide hope to unemployed Canadians today.

Moreover, no project under the program will be physically under way until at least October, 1983 when the recovery is expected to be almost a year old. But these are the projects which are supposed to bring about recovery, providing in the Minister's words "immediate economic and employment opportunities throughout Canada".

Canadians will be excused if they ask whether these projects are intended to provide immediate relief for the unemployed or political relief for the Liberal Party. They might also ask if the projects are simply a way of putting people to work only in order to go back on Unemployment Insurance. The alternative

to that prospect is a rate of growth sufficiently high to reduce unemployment and absorb the increases in the labour force. It is interesting in that regard that a wire story came out today indicating that the economic firm, Chase Econometrics, in running the Minister's figures through its model, forecasts that his proposals would add only one-half of 1 per cent to our economic growth this year. According to the Minister's figures, he will not have that kind of growth under his stewardship as Finance Minister.

The growth we need can come about in the long term through productive investment. In the short term recovery and growth must be encouraged by encouraging consumption. The unemployed are not consuming. The Minister could have extended Unemployment Insurance benefits to ensure that some of those Canadians out of work could continue to support their families and make consumer purchases. At least those benefits could have been extended until the jobs in the recovery program began to come on stream. He chose not to do that. On the contrary, Canadians face an eventual tax burden of \$5.7 billion over the next four years. With the twin prospects of few jobs now and higher taxes later, how can consumers be expected to create the demand necessary for real recovery?

The Minister claims that his budget has been motivated by two goals: achievement of fast growth, and guaranteeing a durable recovery. In our view, the budget fails to generate growth in the short term and may in fact threaten recovery in the long term. The reasons are as follows.

The best guarantee of sustained recovery in the years ahead is the steady creation of jobs through the development of the small-business sector, which creates something like 32 per cent of new jobs in the country. By applying the benefits that come from research and development, we could hope for higher productivity, new product development and new markets, resulting in new jobs. One key to long-term recovery is research and development through the small-business sector. We have in the budget only a study of research and development. As for small business, the Minister has seriously misread the needs of many small businesses in the short term.

On the face of it the budget is a pro-business budget, and we support some of the measures that recognize what we have been saying since the Government's first budget in 1981, that investment means growth. But the recession that those earlier budgets aggravated has resulted in many small businesses in Canada being on the verge of financial collapse or, at best, with acute cash flow problems. The investment incentives announced last night do not accomplish the immediate stimulus and inject the activity into the economy that the Minister recognizes we need now. I do not understand, for instance, why he did not adopt the suggestion of a small-business corporation which would help the cash flow problems of small businesses by allowing them to take in partners who could write off any losses against their income. There are other measures like that which he could have proposed at limited cost.