

now. I am afraid also that the Prime Minister, as he discusses the situation with himself, will be putting to himself the proposition of whether he should have an election now or put it off until the spring in the hope that some improvement will take place. What a prospect! We will just have to look forward to such a discussion going on and the prospect of going through another year of Liberal misrule and mismanagement as well as very poor economic conditions. This is something the government of this country has no right to impose on the people of the country.

Once again, I say the government should forget its arrogance and for heaven's sake for once accept some sensible suggestions and get the economy of the country going, so that we will be in a position where the Prime Minister can have sufficient confidence to go to the country next fall. Let us have the economy of this country run well for the first time in many years.

**Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands):** Mr. Speaker, the failure of the government's various incentive programs is proven by the state of the economy. From the fiscal year 1968-69 up to and including the present fiscal year, the government will have paid out in hand-outs to corporations in this country the staggering sum of \$2,162,217,000. The Canadian people have a right to ask what they are getting for this very large gratuity. What is the situation in the economy? We now have over half a million unemployed. If you add to that those on manpower training, those temporarily employed, in Opportunities for Youth and the Local Initiatives programs, the unemployment figure is probably closer to three quarters of a million.

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The figures just issued by the government show that in the first quarter of this year the rate of growth in real terms is only 1 per cent. It is significant to note that each year the handouts by the government have increased. For example, in 1968-69, the grants were \$390,593,000. They went up each year until this year they are \$530 million. One would have expected that these increased grants would have resulted in declining unemployment, but that is not the case.

In 1968, the seasonally adjusted figure for unemployment was 4.8 per cent. In 1971, it had reached 6.4 per cent. While the government has poured out more money, the state of the economy has not improved. Unemployment has gone up. Our rate of productivity has remained more or less stagnant and the economy is lagging far behind its potential. That is why I say the people of this country have a right to ask why these incentive programs have been a failure.

I suggest there are three reasons why they have been a failure. The first is that incentive grants by themselves are not the answer. Both the Liberal and Conservative parties have a great deal of faith in the trickle down theory. They believe that if you pump in enough money at the top, it will trickle down to the people at the bottom. It has not worked that way.

#### *Employment Incentive Programs*

As a matter of fact, the corporate sector of the economy does not particularly need great financial assistance. Figures have just been issued for the first quarter of 1972.

A survey made of 426 firms shows that after taxes, I repeat after taxes, profits rose by 36.2 per cent. Last year the chartered banks made record profits. Of the eight banks surveyed, they showed an increase in the first quarter of this year of 41.3 per cent. What the government has failed to do has been to recognize that this economy needs stimulation by increasing the aggregate demand.

The New Democratic Party has been telling the government in season and out of season that if they want to get the economy moving and if they want to provide jobs for our people, instead of pouring money in at the top, very little of which trickles down to the people, they should put the money where it will create a demand for goods and services. We recommended many things, such as the reduction of personal income tax in the middle and lower income groups. We suggested lowering interest rates, making money available for low cost housing and making large sums of money available to the provinces and municipalities for socially useful projects. Even if the government wants to give some incentives to industry, as the Minister of Finance (Mr. Turner) has done in his budget to the tune of \$500 million, those incentives ought to be given on the basis of labour intensive industries rather than capital intensive industries. Giving accelerated depreciation and reduced taxes to large corporations does not guarantee that they will use those savings to create jobs. If the government wants to provide an incentive, let it do so on the basis of jobs created rather than on the basis of profits made.

The second reason this incentive program has failed is that there has been an unequitable distribution of these grants across this country. For some time members in this party have been trying to find out the formula upon which industrial incentive grants are given. I must confess that that formula is like the peace of the Lord, it passeth all understanding.

If we take the period from July 1969 to June 1971, we find that in the province of Quebec there were 37.2 per cent of the unemployed in Canada. They received 38.8 per cent of the money paid out. In my opinion, that is fairly equitable distribution. However, in the province of British Columbia in the same period we had 12.6 per cent of the unemployed people in Canada and we received one half per cent of the money paid out.

If one turns to the period from July 1971 to February 1972, the picture is even worse. We find that the province of Quebec, where they had 35.7 per cent of the unemployed, received 61.1 per cent of the money paid out. In the province of British Columbia, where we had 11.8 per cent of the unemployed in Canada, we received 3 per cent of the money paid out in incentive grants. It will be said that Quebec has very high unemployment, and it has. However, I point out that British Columbia, according to the figures for May 1972, has exactly the same unemployment rate as the province of Quebec, namely 8.1 per cent. That is exceeded only by the Atlantic provinces which have a seasonally adjusted rate of unemployment of 9.7 per cent.