

*Supply*

**Mr. Broadbent:** It is interesting that the Conservatives did not send a task force around to have a survey made of their budget when they brought it in in 1980. We would have been interested to hear that one.

**An hon. Member:** We did! It was called an election!

**Mr. Broadbent:** I would now like to move an amendment, which will be an interesting task not only for the government but also for the official opposition, to see how serious they are about dealing in a serious way with the economic problems about which the Conservatives have just spoken. Therefore, I move, seconded by the hon. member for Broadview-Greenwood (Mr. Rae):

That the motion be amended by striking the period after the word "budget" and adding:

"which would provide that

- (a) a system of fixed lower interest rates for mortgages be made mandatory, and that
- (b) an excess profits tax be imposed on Canada's chartered banks to restore their marginal tax rate to the 1970 level."

**Some hon. Members:** Hear, hear!

**Mr. Stevens:** That was a good year for them! You missed the point, Ed!

**Mr. Broadbent:** I would like to refer to the advantage offered by this amendment. I have already spoken about the direct advantages, in my comments on interest rates, concerning the implication of low mortgage levels for home owners or prospective home owners. However, I want to speak about the excess profits tax on banks. As the motion states, it would simply reduce their levels to what they earned based on the marginal rate of 1970. That would give us additional revenue of approximately \$670 million. If we took only \$500 million of that revenue and put it into the social housing budget, we could restore that housing budget to the level which existed six years ago when we did not have the housing crisis that we have today. Also, by using that money to produce social housing, we would produce an additional 93,000 jobs in construction, in the logging sector and in the appliance field, not to mention all the housing starts which would be created. This would have the effect of bringing down the price of housing, one would hope, by increasing the supply. Therefore, we would simultaneously deal with the housing crisis—not totally, but in a significant way—and the unemployment situation.

In mentioning this single program, I want to speak about how it could be used as a model for other sectors. Again I want to speak in terms of its technical economic effects. I hope the Minister of Finance will discuss the point. This kind of approach in this sector would have the following additional consequences to the ones that I have just mentioned: first, the economic activity generated would stay in Canada; second, it would not result in increased imports from abroad which might result from other kinds of stimuli. Therefore, in relation to that, the spending of millions of dollars in this way would not in the slightest exacerbate our country's serious interna-

tional balance of payments problem which did result in a record \$9.1 billion deficit last year.

Therefore, this kind of tax on a part of our economy, namely, the banks which have had excessive profits, would get revenue into the government sector where it could now be usefully used to stimulate growth of jobs which are badly needed. It would have a net positive effect in terms of our balance of payment situation and in terms of its ultimate effects on the level of the Canadian dollar. It is, I repeat, a model of what could be done by an imaginative government which cared about the people of Canada and was prepared to use the power of a modern government in a constructive way in the economy.

I want to conclude, because I note that my time has just about expired, by saying that what we need now in Canada is not a government concerned with rhetoric, whether of a progressive or a reactionary kind. What we need is a government which thinks very hard about the state of the Canadian economy. What we need is a government which has a genuine spirit of independence and courage, as demonstrated by western European governments and the government of Japan when they were caught in the same web of economic forces generated by the United States. Finally and above all else—because it is this which shapes the other points—what we need in Canada is a government that cares about the people of Canada.

● (1600)

**Hon. Allan J. MacEachen (Deputy Prime Minister and Minister of Finance):** Mr. Speaker, I listened with a great deal of interest to the statement made by the Leader of the Opposition (Mr. Clark) and then to the statement by the leader of the New Democratic Party (Mr. Broadbent). I must say that they were distinctly different. The Leader of the Official Opposition concentrated principally on the tax side of the budget; he gave no prescriptions whatsoever for the general economic situation we face in this country.

I am the first to admit that we do face a serious economic situation, with very high inflation rates, rising unemployment and declining growth in the country. That is a very serious situation. It is a situation that is shared by all the industrialized countries of the world. Their situation is very similar to ours.

It is to that general economic situation that I addressed myself in the budget in an attempt to establish a correct macroeconomic response that would deal with the underlying reasons for the situations we face and would permit us to participate in a recovery. I laid out my position in the budget, and I laid it out in greater detail at the Canadian Club speech in Toronto yesterday. Hon. members have referred to that.

The Leader of the Opposition had nothing to say about what his alternative remedy would be. He did not differ with my analysis that inflation is the chief problem, that basically the question of inflation is a question of jobs and growth and that these concepts cannot be separated. I take it from the silence of the Leader of the Opposition that he has no objection to the