

The Budget—Mr. Lundrigan

cal depression in this nation. I know the Leader of the Opposition is competent. I know he is a man of great integrity and capability, but I did not realize he had such all pervasive powers as to instil in all Canadians the psychological depression which is now sweeping the country. Yes, the Minister of Labour is absolutely correct about psychological depression. There never has been a period, since I have been a Canadian, in which there has been less incentive for people to engage in certain forms of economic endeavour. The Leader of the Opposition has not created this tremendous psychological depression. The Minister of Labour did not mention that there has been a severe increase in taxes since 1968. I am sure that had no effect on the psychological depression of Canadians—oh, no. The middle income Canadian is terrified about his future; he does not even want to look at his pay cheque any longer. I am talking about people earning between \$10,000 and \$20,000 a year, who comprise a healthy chunk of the Canadian population. They are the people with incentive, who are developers and promoters on a private, individual level.

The taxes of these people have been increased, and are to be further increased, because family allowances for those earning more than \$10,000 are to be eliminated. This represents a substantial loss to anyone with five or six children. To such a man, the family allowance means an income of about \$500 a year. Actually, it represents an earned income, if you consider the tax structure, of about \$1,000 a year. That will be the extent of his loss, and that will be the extent by which his taxes are to be increased.

Again the Minister of Labour never mentioned the white paper on tax reform. We shall never know what effect that white paper has had as a disincentive to Canadians, especially those who make up the business community. We shall never know what the effect was, not only on those in the business community but on small investors who might have invested moderately in the stock market. Again, what about people who wanted to own their own home and hoped to be able to acquire an equity in a modest home and later to buy a better home? The white paper has acted as a disincentive to such people. It has had a detrimental psychological effect on Canadians because it seeks to revolutionize our social system through the taxation structure.

Housing starts have been down. The housebuilding industry has had an important effect on our economy. I do not know the correct term to use, but, I think it can be said that that industry has an important multiplier effect on the economy. Housebuilding is a catalyst for other development.

Let us for a moment look at other disincentives that face Canadians. I am not an economist; I am just an average Canadian who has tried to size up what has been going on in Canada. Unemployment has created tremendous disincentives in the economy. I wish to refer to statistics which I have not heard quoted in the House so far, and I do not mind taking a minute to do so. For example, in December, 1970, there were 124,000 people who were unemployed for less than one month. I will not talk about people who were temporarily unemployed. If

one examines these statistics one will find, I think, that 43,000 were temporarily unemployed. They are not classified among the unemployed. They know that they will be recalled to work in about a week or a month and that their condition will improve. Let us assume that the 124,000 unemployed persons would each have earned \$500 in that month. Their loss of income, therefore, represents a loss to the economy of \$72 million.

In December 1970, 203,000 people were unemployed for between one and three months, as compared with 149,000 people who were unemployed in December 1969. If those people had each made \$1,000 during that period, we can see that there has been a direct loss to the economy of about \$203 million. In that month of December, 1970, 84,000 Canadians, as compared with 49,000 in December, 1969, were unemployed for between four and six months. If each of them had earned \$1,500 during that period, and I do not think we are being very generous with them, we can see that the economy has lost \$126 million. In that same month, December 1970, there were also 84,000 Canadians who had been unemployed for more than six months. Assuming that those Canadians would have earned on the average \$3,000 each, one can see that their loss represents a loss of \$252 million to the economy. About 46,000 Canadians were unemployed for that length of time in the previous year. These losses to the economy represent a massive disincentive. We are looking at a loss of about half a billion dollars that is to be attributed to the losses of these unemployed groups. I know that these figures can be picked apart, argued about, and criticized.

We are now talking about 538,000 unemployed people. Mr. Speaker, let us try to calculate how much those 538,000 people would have lost by being unemployed for three months, and we can calculate the extent of the disincentive in our economy. We are not talking only about the effect of unemployment on these people, and on the productive aspect of their labour. We are not talking only about the fact that there has been a serious impairment of Canadian productivity, and that we have to dish out large chunks of cash to help the unemployed to survive. We are not only talking about that.

The Minister of Finance, Mr. Speaker, has taken great pride in picking apart our proposals. The Leader of the New Democratic Party has supported us right down the line, almost to a "T". He supports the positions we have taken. We have recommended immediate changes in the unemployment insurance regulations in order to modify the periods and conditions to qualify. We have recommended the establishment of a ministry that would deal with the unemployed. We have recommended the lowering of taxes and the elimination of the 3 per cent surcharge. The retention of the surcharge is tantamount to a tax increase. We have recommended the elimination of the 11 per cent sales tax on building materials and a reduction in the levels of personal income tax. The Minister of Finance said today that if the government were to remove that tax and listen to our other proposals the government would lose about \$1 billion in revenue and that this loss would be felt by the provinces. I do not know whom he is trying to fool; he is much more bril-

[Mr. Lundrigan.]