

Restraint of Government Expenditures

people living on reserves. They have never been included in our unemployment figures.

Is it any wonder that people in the province of Quebec say that they have had enough? They felt they had to vote for a party which had separatism as one of its main principles. Even though they did not agree with that principle, they had no other alternative at this time.

Today and on earlier occasions the Prime Minister and Minister of Finance were asked what they intended to do. They said that unemployment is not serious, that it is regional. The fact is that every region has the same problem. They say that it is temporary, they have to worry about inflation and, in fact, they are winning the fight against inflation. The government and the Minister of Finance are wrong on both counts. When I make this kind of claim the minister will say that I am being partisan and political. Therefore I will put on the record the views of two people who are quite well known in this country. They hold responsible positions and can by no stretch of the imagination be called radicals, left wing, socialist, or whatever epithet the Minister of Finance is using at the present time.

I wish to first quote a former chairman of the Economic Council. He has done much better for himself in his present position as vice-president of International Nickel than the recently resigned chairman of the Economic Council who will be an opposition member in the National Assembly in the province of Quebec. Here is what Arthur Smith had to say in Winnipeg less than ten days ago. I quote from the *Globe and Mail*:

There is close to a 50-50 chance that Canada is heading for the worst period of economic slack since the 1930's, according to Arthur Smith, of Toronto, a vice-president of Inco Ltd. of Toronto and a past chairman of both the Economic Council of Canada and the Conference Board in Canada.

Don McGillivray, the national economics editor of Southam Press, was reported in the *Montreal Gazette* of November 10, 1976, where he was discussing the unemployment figures which I just put on the record. In dealing with the job the present Minister of Finance is doing he writes, and I quote:

Mr. Macdonald's economic policy, as set forth in his budget speech only five months ago, is in tatters.

Rising unemployment is not the only chilly breeze blowing through the holes in his costume.

He forecast in May that 250,000 new jobs would be created in Canada this year. He is going to fall a little short. In first 10 months of the year, 114,000 new jobs have appeared.

● (2100)

That is less than half the figure the minister predicted in his budget speech a few months ago. He says:

Mr. Macdonald was relying on business investment to sustain "the expansion" next year. But the latest investment survey by the Department of Industry, Trade and Commerce shows a pattern of postponed investment with failure of market demand as the most frequently cited reason.

The article goes on to say:

The minister rejected suggestions... that the anti-inflation program had anything to do with the slow growth of the gross national product despite the fact that the investment outlook survey had just reported that 13 per cent of companies cut back their investment plans because of the program.

[Mr. Orlikow.]

But when it is a question whether the anti-inflation program has cut inflation in Canada, Mr. Macdonald and other members of the government give the program a generous helping of credit despite the fact that the same kind of slowing in prices had occurred in the U.S. and elsewhere.

Mr. McGillivray concludes his column by saying:

Perhaps Mr. Macdonald's attempt to maintain that "our primary concern should still be the level of Canadian inflation" is just a holding action. Perhaps he is really considering a change of policy to get the economy out of its stagnation but has not had time yet to work it out in detail and so is not ready to announce it.

It is to be hoped that this is so. Usually Canadian governments wait so long to make sure that the trend is clear that the trend—whether to inflation or recession—becomes unstoppable.

That is precisely where we stand at the present time. Later, I shall discuss what we believe could be done and should in the field of job creation. I want to deal now, with another aspect. Why do the people of Canada, including the people of Quebec, feel so dissatisfied with governments whether federal or provincial?

In the last 25 years we have seen a host of income distribution programs—health insurance, hospital insurance, family allowances and so on. One could go through a whole alphabet of programs which have been inaugurated in this country, most of them by Liberal governments because Liberal governments have been in power for most of the past 30 or 40 years. But if one looks at the studies carried out by Statistics Canada with regard to income, one comes across a very disturbing fact, at least it is disturbing to me. It is that in the last 25 years there has been no significant improvement in the terms of income distribution. If anything, the distribution of income among the various income groups has become less equitable.

In 1951 the income received by the bottom fifth of the population, the percentage of the GNP which went to the bottom 20 per cent, was just 4.4. In 1974, the last year for which we have figures, despite all the things we have done, despite the belief of most Canadians that we have improved the relative share enjoyed by the bottom 20 per cent, the percentage which went to that least wealthy segment was, not 4.4 per cent as in 1951, but just 4 per cent.

What about the top fifth? In 1951 the top 20 per cent of income earners got 42.8 per cent of the Gross National Product. In 1974, 23 years later, despite all the income distribution programs, despite all the welfare programs and health programs, despite the change in old age pension scales, the Canada Pension Plan and everything else, the top 20 per cent were still getting over 42 per cent of the Gross National Product. I am not saying that the bottom fifth of the income earners are living more poorly now in absolute terms than they were 25 years ago. What the figures show is that we have not moved toward a more equitable distribution of the goods and services which we produce in such great abundance.

This is not surprising, I suppose, bearing in mind the conclusions of a rapport which came out this month, a report prepared for the National Council of Welfare which is an agency funded by the federal government whose members include 21 organizations representing social service professionals and welfare recipients across Canada. The study is entitled