

The Budget—Mr. Badanai

basis. There are parts of Canada where housing is more badly needed than in other areas; therefore, we believe that in certain provinces—and I can speak for the province of Newfoundland—much more money is needed for housing than in the more wealthy provinces.

When the minister referred to his magnanimous offer of \$40 million for housing, this was an insult to Canadians and especially to those who are now living in sub-standard conditions. I say this because \$40 million is not even a drop in the bucket and certainly will not go any way toward solving the housing problem in Canada. Indeed, I can tell the minister ways in which this \$40 million could be spent in parts of my riding.

Therefore, as I said at the outset, the budget speech was obviously an admission by the Minister of Finance and his colleagues that they have been wrong in their policies to fight and to curb inflation. He gambled but he has lost. He is not prepared to go all the way and admit his mistake, so he is trying to soften the blow by bringing in a few temporary measures, makeshift measures, that will have no lasting effect on the economy of our country.

I conclude my remarks by repeating what was said by the Premier of British Columbia, that the Canadian people would have been 3 per cent better off had the Minister of Finance sat in his seat and not risen to make the non-budget speech on Thursday night.

Mr. Hubert Badanai (Fort William): Mr. Speaker, it has been said that one thing as sure as death and taxes is the certainty that a finance minister in presenting his budget is immediately denounced as inept and shortsighted, no matter whether he proposes a raise or a reduction in taxes or confirms them as they are. On Thursday, December 3, when the Minister of Finance (Mr. Benson) read the budget speech, the opposition reacted as predicted. They said, "Nothing good is in it. It didn't lower taxes. It didn't forecast a surplus. It didn't raise the security pension to \$150 for everybody without a means test". According to its critics, the budget was a useless exercise.

Let us examine the proposals in this document without prejudice and see whether there is anything good in them. To an unbiased observer the budget reveals a 16 months program of spending that will pour \$300 million into the battle against unemployment. It will add a further \$200 million to the economy to pay for the announced increase in old age pensions and guaranteed supplements.

Unemployment insurance benefits are to be increased by 10 per cent immediately. Loans totalling \$150 million will be made to provinces through a fund to finance job-creating capital projects next year. A further \$23 million will be allocated to federal departments and agencies for capital improvements in areas of highest unemployment, which will also take care of the province of Newfoundland. A further \$20 million will be allocated to development of roads and other local services for the new Montreal international airport.

[Mr. Carter.]

The capital budget of Central Mortgage and Housing Corporation will be increased by \$40 million for housing projects. The industrial incentives program will be expanded to establish a new system of capital incentive grants for areas of acute unemployment and to establish a system to guaranteed loans. The group of measures includes the assistance to shipbuilding announced recently by the Minister of Industry, Trade and Commerce (Mr. Pepin), which I hope will also assist the Port Arthur shipbuilding yards in northwestern Ontario. A capital cost allowance supplement will permit manufacturers and processors to value investments at 115 per cent of actual cost and enjoy higher than usual depreciation on capital projects. Business enterprises that will be affected will save an estimated \$25 million in taxes in the fiscal year 1971-72.

These and other benefits contained in the speech of the Minister of Finance are designed primarily to take care of those in the low-income bracket and to boost employment, and are aimed specifically at increasing capital investment in industrial development. I congratulate the minister for resisting the temptation to cut taxes prematurely, because had he done so he would not have been able to announce a program of jobless benefits and an increase in pensions, to say nothing of grants to Canadian shipbuilding.

The official opposition's critical assessment of the measures contained in the budget does not make sense, and they have failed to indicate any positive changes that under the circumstances could be construed as being practical. As far as members of the New Democratic Party are concerned, they can always be counted on to introduce proposals to cut taxes and, of course, to introduce programs costing impossible sums of money.

The budget was to a great extent based on the proposals contained in the white paper on social security, about which the *Ottawa Journal* of December 1 in its leading editorial said something to the effect that when the white paper proposals are implemented, Canada will have the most comprehensive guaranteed income plan in the world. The editorial reads in part:

That is the answer to doctrinaire socialists, or dreamy idealists, who say that the white paper does not go far enough in redistributing income.

Happily, the year 1970 was our best year in international trade. The clouds that darkened our economic horizon were relatively high unemployment and inflation, and the budget was geared to fighting these enemies. I have no doubt that the government will continue to introduce measures to control both.

• (8:50 p.m.)

While our economy has been greatly helped by healthy exports, I should like to suggest that the re-pegging of the dollar at 2.5 cents higher than it was, thus setting the Canadian dollar at 95 cents in relation to the U.S. dollar, would have an immediate impact on earnings in the pulp and paper industry, iron ore and most of the other export industries. I mention the pulp and paper industry in particular because the constituency which I represent,