

The Budget—Mr. Lewis

Mr. Sharp: I want to encourage business investment.

Mr. Lewis: Of course you do.

Mr. Sharp: And I care about unemployment.

Mr. Lewis: You do not care about unemployment, because when you take tax from the ordinary purchasing individual you ensure unemployment. I will come in a moment to the encouragement of the minister to business investment, if he will keep his red hair smoothly combed. What this means in simple English is that the minister is going to collect \$185 million in income tax from the ordinary Canadian in the fiscal year 1968-69 and promptly give \$105 million of it to the corporations of this country.

Mr. Sharp: To pay debts.

Mr. Lewis: That is exactly what he will do. Almost two thirds of the additional income tax to be paid by the ordinary Canadian will go into the coffers of corporations.

Mr. Sharp: Do you not believe in paying your debts?

Mr. Lewis: I believe in paying my debts, but the greatest debt of the minister and this government is to the people of Canada who have suffered under a policy of mismanagement of the economy resulting in higher costs of living each year. We are now experiencing the deliberate encouragement of unemployment and the slowing down of the economy. This is where the minister's first obligation lies, and this should take precedence over everything else.

The minister says he wants to encourage investment. In searching for a method to implement an obsolete policy the minister has decided he will cut federal lending. I must make my remarks brief, but other colleagues in my party, including the hon. member for Waterloo South (Mr. Saltsman) and our financial critic, the hon. member for Nanaimo-Cowichan-The Islands (Mr. Cameron) and others will elaborate on some of these points. In an effort to make sure that the economy will decrease and unemployment will increase the minister has decided to cut lending to the Central Mortgage and Housing Corporation, the Farm Credit Corporation, the Veterans Land Board and Air Canada, and he will not renew federal lending to the Municipal Development and Loan Board. These steps are utterly incomprehensible to me.

Mr. Sharp: You just do not understand them.

Mr. Lewis: I think I do understand a little bit about them, and let me inform the minister why I say that. There are only two alternatives which will follow this cutting back of lending programs. Either the developers and the people who need houses will borrow the same amount of money from the market, and Air Canada will borrow the same amount of money from the market, or they will not. If they do, what difference does that make to the economy.

What difference does it make to the economy whether the borrowing from the money market is made by "A" or "B"? The only difference is that the government may find it a little easier to sell its bonds and may even get a slight reduction in the interest rate. The house builder will have to pay a higher rate for the mortgage he seeks to obtain. When C.M.H.C. makes a loan to a house builder we at least know that the house will be built, even at a higher rate. When the developer borrows the money on the market we do not know where that investment will go. It will likely be used for the construction of an unnecessary bank building, rather than new homes. What sense does this make? And what happens if they do not borrow? If these builders and people who need houses do not borrow on the market, which I suspect may be the objective of the minister, then of course a decrease in the economy will be encouraged and unemployment will be increased.

Let me draw the attention of the house to an article which appeared in the *Globe and Mail* yesterday. It refers to a survey by the Economic Council of Canada which suggests that business will not make enough investment in the next five years to keep production at full capacity, and that the largest drop in planned investment of business is in the construction field. Every student in first year university knows that the multiplier effect of construction is always high, and important to the entire economy.

What the minister is doing by curtailing these lending programs is merely adding, as he deliberately intends to do, to the forces in this country which bring the economy downward and unemployment upward. He thinks that this is the way to solve inflationary pressures, as he calls them. Under present circumstances the action of the minister in cutting down on construction loans is entirely ridiculous and reprehensible.