

The Budget—Mr. C. H. Thomas

Finance for almost a year to change the direction of government policy to implement selective tax cuts which would encourage the private sector of business and industry to expand, provide more growth and more jobs. But all these suggestions have been laughed off by the Minister of Finance and his colleague, the Minister of Labour (Mr. Mackasey). We have been told that we are spreading gloom and doom. We have been accused of doing a great disservice to the nation. We have been told our so-called gloomy prophecies will discourage businessmen from investing in this country.

Here again we have the arrogance of a government that has come to believe itself omnipotent and all-competent, that goes sailing blithely along on a course which, in their words, "must be right because we say it is right", a government which refuses to change its course even though most of the country's best business minds and best economists are condemning its policies as outdated and inadequate.

It was interesting to hear the Minister of Labour yesterday in his historic apology for government policies. He spent most of his speech talking about the 1950s and 1960s but had very little to say about the 1970s except to condemn the opposition and chastise us for spreading gloom among businessmen. They created the gloom which now they are unable to dispel. The Minister of Labour said that if he were a businessman sitting in the gallery today listening to the speech of the Leader of the Opposition (Mr. Stanfield) and of other speakers, he would ask what kind of country this is and would say to himself, "If they have no more confidence in our future than that displayed in their speeches, why should I invest my money in such a country?"

I think all of us have the responsibility to create the right psychological climate for investors to invest. I am glad that the Minister of Labour appreciates the importance of decisions by the private sector of the economy, even though his colleague the Minister of Finance will not recognize them. It is interesting to hear the Minister of Labour when he talks about the opposition spreading gloom among our businessmen. It is interesting to hear what some of these businessmen have been saying about the government's policy. Mr. G. Arnold Hart, the chairman of the Bank of Montreal, said in a recent interview:

The most effective and least risky route to take toward expansion of the economy in present circumstances is tax reduction.

Many economists interviewed last weekend by the Toronto *Daily Star* urged the government to embark upon a system of tax cuts to combat unemployment. One of them, Professor Abraham Rotstein of the University of Toronto, called for a substantial cut in personal income tax. Charles Neapole, president of the Montreal stock exchange, said:

Take the surcharge off; give some relief in the corporation income tax. Give people more confidence, give business more confidence, and they will be going back to work.

I have heard many people on this side of the House make that plea to the Minister of Finance many times in the past six months. John Meyer, financial writer for the *Montreal Gazette*, when referring to the widening credi-

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bility gap between government and business said the fact that business has no more faith in the government is because it does not know what this government intends to do. They have lost all confidence in government policies. Mr. Meyer said:

Something of that confidence might have been restored by bold and imaginative tax reduction but, in Canada at least, that course was rejected in favour of more government spending.

Are these the mouthings of a futile opposition? These are statements from some of our best business leaders. Yet the Minister of Finance and the Minister of Labour laugh them all off. The minister said that this is just the opposition proposing cockeyed schemes that will cost the country a lot of money. There is not much to be gained now by deploring the situation, by pointing out what should have been done or by saying that the government could have combatted inflation, not by deliberately creating unemployment in the vain hope that it would keep wages down but, rather, by employing selective fiscal and monetary measures.

For example, when there was a serious housing shortage and mass unemployment in the construction industry, firm, strong action could have been taken to increase housing starts. This would have put the unemployed carpenters, labourers and all that sector of the business community which the construction industry affects, back to work and certainly it would not have contributed to inflation. But the government refused to accept the suggestions offered by the opposition and by business leaders. The Minister of Finance continued to bask in that false optimism so aptly portrayed in his repeated statements that all is well and that all that is needed is faith. I think the unemployed have pretty well lost all faith in the Minister of Finance.

Mr. Woolliams: So has everybody else in Canada.

Mr. Thomas (Moncton): True. Even in his budget he is carried away by his stubborn insistence that father knows best. He says, "Don't complain; you do not know what you are talking about". In his budget speech he bragged about employment rising in Canada and said that unemployment, on a seasonally adjusted basis, appears to be falling. Here we go again! The minister gets so caught up between seasonal and unseasonal, adjusted and unadjusted, that we cannot even get a true picture of the employment situation in the country.

We all know what has happened to his prophecy of December 3 that the situation was improving. We heard many times in the House yesterday and today about the 62,000 more unemployed as of mid-December, only a little more than a week after the minister made his optimistic forecast. We heard about the drop of over 100,000 in the number of employed. These figures have been mentioned over and over again and I hope the minister is now aware of them.

I will not dwell further on the national picture but I would like briefly to speak on the effect this government's policies have had on the outlying regions of Canada, those areas of slow growth to which the government, through its Minister of Regional Economic Expan-