

Supply

woman, who wants to work ought to be able to work, and the government should make that possible.

Some hon. Members: Hear, hear!

Mr. Broadbent: I have mentioned the human circumstances; I now want to give some statistics on what this level of unemployment costs the Canadian economy.

A special committee of this House was set up to look at unemployment, chaired by a Liberal member, and it said a target of 4 per cent unemployment is a reasonable objective. We will take that as a reasonable objective. Japan has achieved it, as have Austria, West Germany and other countries. Only Canada under the Liberals has managed, with our resources, not to achieve it.

I would like to take unemployment figures beyond the 4 per cent level and see what they mean in terms of lost production. If unemployment were down to that level it would mean another 514,000 men and women would be employed, which in turn would mean we would have an additional \$4.7 billion in tax revenue. They are not employed so we lose it. In addition, if they were employed the GNP would be up by some \$15.2 billion annually. They are not, so that is a loss to the economy.

Because they are unemployed it is costing us \$2.3 billion in unemployment insurance payments to people who would rather be paid for jobs. So, Mr. Speaker, the economic costs are very real and substantial, which the government should be concerned about even if it is not concerned about the human dignity associated with the right to work.

What we need then, Mr. Speaker, if we are concerned, as we are in this party, about the human and economic aspects of unemployment, is aggressive economic action now. We need to demonstrate the will to act, as other countries have as recently as last week, to stimulate the economy. The Minister of Finance knows very well that that will has now been asserted in France, Germany, even in Great Britain. It was demonstrated at the same meeting in Europe last week by the government of Japan, which said yes, these countries are affected by what has happened in the United States, by high interest rate policies, that they are part of the international community. But unlike the Government of Canada, these countries have the political will to say they are going to establish a lower interest rate policy on their own and stimulate their economies. That is precisely what the Government of Canada should be doing for the people of Canada.

Some hon. Members: Hear, hear!

Mr. Broadbent: In the Minister of Finance's speech yesterday in Toronto, Mr. Speaker, he made it clear that he has learned nothing since he brought down his disastrous budget.

An hon. Member: Since 1930.

Mr. Broadbent: His few tinkering responses, and they have been few indeed, have been aimed directly at the privileged in Canadian society. Most significantly, when we need stimulation in the economy because we are only running at 80 per cent

capacity—we are not going to inflate if we stimulate, or it will be minimal—we need a significant tax cut for middle and low-income Canadians. Instead, the tinkering we got from the Minister of Finance benefited those who need assistance least.

I want to get at the reasoning, as I understand it, behind the budget because it is precisely the same reasoning used in President Reagan's budget approach during the past year in the United States. Without using the terminology, what we have in this budget, Mr. Speaker, is supply-side economics, and this is directly related to the fact the two top tax brackets in Canada were given major tax reductions. That is precisely what was done by President Reagan in the United States, with the thinking that if you cut the marginal tax rate at the top, then the people will take their tax savings and reinvest it in the economy.

Well, Mr. Speaker, I do not know if the minister's advisers have been telling him this, but I do know simply from reading a newspaper such as *The New York Times* that in the United States the supply-side economics, with tax cuts for the upper-income earners, has simply not worked. This is because, as I indicated in my questions to the minister this afternoon, which he ignored, when you have a high interest rate economy and you give millions of dollars in benefits to the rich, they do not invest it in job-creating ventures, they salt it away in the banks. So the direct result of supply-side economics in the U.S., as in Canada, although the minister has not dared to use the same name, is to make the rich richer. Therefore, Mr. Speaker, we in this party categorically reject supply-side economics both because it is unjust and it does not work.

Some hon. Members: Hear, hear!

Mr. Broadbent: What we want, to use the technical jargon, is demand-side economics. We happen to believe that with this level of unemployment, the worst since the great depression, now is precisely the time to stimulate demand and give middle and low-income earners a tax break. That is the kind of action which would create jobs in our economy.

The unswerving commitment, Mr. Speaker, to this most conservative kind of economic policy now pursued by this government has been demonstrated by its solidly entrenched and locked-in policy of preoccupation with the level of the deficit. It began to reduce the proportion of the GNP going to government spending a number of years ago and has continued with this single-minded preoccupation right up until today. That same policy was maintained in the minister's speech yesterday in Toronto, as it was in the answers today in this House.

We in this party say that there is a time to be concerned about government deficits and about government spending, and social-democratic governments, whether here in Canada or elsewhere in the world, have the same concern when appropriate. But I say to the Minister of Finance that when we have more than a million Canadians unemployed, people who are losing their human dignity, and we are losing millions of dollars in the GNP because of that unemployment, now is the