

We saw there the effect in terms of the very rapid rise in the unemployment figures and the growing disparity which existed between incomes and the prices that were related to them. So some of us here tried to head this off at the outset last December. We tried to make the government realize that it was in the interest of the restraint program that two things be clearly understood. One was that the program would have to relate to an over-all plan of goals, of priorities and of financial administration—some of the things that were talked about by the Auditor General. Without some kind of an over-all plan within which such a program would operate, it was obvious that the indiscriminate assortment or gathering together of cuts would be meaningless, and very often counterproductive.

The second point some of us were trying to make was that in addition to having a clear-cut framework within which these expenditure cuts would be allocated, they should also bear some relationship to the economic strength of the regions. This is something that is very difficult for this government to understand. I know I do not have to make the point overly strenuously, perhaps, to the Minister of Veterans Affairs (Mr. MacDonald), who is from Prince Edward Island, because he understands the situation in a place like Prince Edward Island compared to some of the larger urban areas of this country. This government has never clearly understood the situation, and did not understand it last December when we pressed both the then president of the treasury board and the minister of finance to indicate very clearly that in dealing with a restraint program it would equally affect all parts of the country.

Of course, if the minister was here he would say that is exactly the kind of program that is being put into effect. What he does not understand, however, is that if a program is to deal with all parts of the country equally, decisions have to be taken with respect to the regions themselves. This requires flexibility and a relationship to a framework in respect of expenditure reductions. That, of course, is what did not happen. We have, for example, the sorry situation before us at the present time. One of the announced reductions was in respect of the indexing which had formerly existed with relation to the manpower adult occupational training allowance. It was estimated that by removing the indexing the government would save something like \$27 million. The government would save a saving, but it was not going to reduce the allowances as such. In some cases they might have to be increased to provide people with a basic income during training periods. It would mean they would have to close down the number of opportunities there would be for occupational training in respect of those who are presently unemployed. By implication, it would confine more people either to welfare payments or unemployment insurance.

With reference to actual reductions, of course it means that the heaviest burden of the reductions takes place not evenly across the country but in those areas where unemployment is the greatest. Of course, in the Atlantic regions—which I know best—this program will fall disproportionately heavily upon the shoulders of those who come from that area who normally receive 16 per cent of the moneys allocated to this program, when in reality there is only 9.5 per cent of the population. I

Restraint of Government Expenditures

raise this matter because we are having a repeat, again, in the five eastern provinces, of the situation which occurred a few years back with the government's previous so called restraint program. In December of 1975, when the government announced its program, the Atlantic provinces had something like 81,000 unemployed people. By October of this year, from the latest figures of Statistics Canada, we discover there are now some 99,000 people, or 11.9 per cent of the labour force, looking for employment. That is the figure for October.

I think, without fear of contradiction, that when we receive the figure for the end of the year and make the yearly comparison with a year ago, hon. members should not be surprised to discover that the unemployment rate has risen substantially at the very time the government has been reducing assistance to those who are looking for alternatives in order to become active and productive members of the work force. The same situation applies to the province of Quebec. The attention of members has been focused in recent days on the political situation in the province of Quebec. The economic situation should not be ignored. In fact, we ignore the economic situation in Quebec only at our peril. Last December there were something like 7.9 per cent of the people in Quebec unemployed—214,000. By October of this year the figure had risen to 276,000, or 10.1 per cent of the labour force.

In total, in the five eastern provinces, which have something like one-third the population of this country, roughly half the people, some 375,000, are presently looking for work. This is a fact this government seems to find impossible to comprehend, that is, the fact that at the very time the government is supposedly exercising a restraint program which exists primarily for cosmetic purposes, some element of it—not large in terms of the \$1½ billion the government referred to in its press releases of last December—are having a considerable impact and creating very grave hardship for people in the five eastern provinces.

My colleagues, the hon. member for Halifax (Mr. Stanfield), the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton), and others, have already indicated the grave seriousness with which they regard the situation concerning the transportation subsidies on the movement of grain out of eastern ports. I have said far too often in this House on previous occasions how important it is not to destroy the impact of regional economic policies by undercutting them with totally counterproductive transportation policies. Yet clearly that is what this government has done. It has done this in a way in which it has become completely insensitive to the transportation and industrial needs of the flour millers who operate at our east coast ports. How can this government justify, on the one hand, having a regional development policy while, on the other hand, it exercises a restraint program which basically hits at those who are unemployed, unorganized or regionally disadvantaged? That is beyond my comprehension.

I have saved for last the one program which seems to me to be most serious of all. It involves a significant amount of money. It is not just a few million dollars, as in the case of the