

The Address—Mr. Kaplan

I have described a number of programs which will cost money. We, in York Centre, will not complain if such programs are expanded. We are willing to pay for them.

Those who attack government spending usually focus on government bureaucracy and government waste. I remind members that it is not only the opposition which is responsible for worrying about government waste. Waste, wherever it occurs in misdirected government planning, is the responsibility of every member of this House. We all represent taxpayers and we all must worry about these things.

But it often happens that those who complain about government waste and alleged government extravagance are really attacking the redistributive function of government. They are against the idea of the government being committed to redistributing a larger part of the Gross National Product to those who need help. That is a responsibility this government recognizes. The amounts spent on bureaucracy are a small proportion of total government spending. Naturally, we must watch waste, but we cannot cut back, particularly not at this time when one of our main worries is the problem of a possible recession.

Government cut-backs never encourage the business community to expand. The government cannot ward off a recession by cutting back on spending. Business is stimulated by valid confidence on the part of the government. A confident government will produce confidence in the business community, which will confidently produce goods knowing they can be bought and provide services, new homes and jobs.

Let me now turn to the problem of inflation. The Speech from the Throne outlines a variety of important programs which will help the needy to catch up with the rest of society. A number of programs are aimed at increasing supply. Hopefully, when the budget is introduced the government will bring back the proposed excess profits tax.

Here I want to focus on an important piece of legislation promised by the government, the bill dealing with unjustified price increases.

Unjustified price increases are not always easy to identify. Statistics can be misleading. One hears of a business or an industry's profits increasing by 300 per cent. Sometimes one may find that the profit in the preceding period, the base year, may have been the equivalent, say, of 1 per cent on invested capital. In that case 300 per cent increase over the base period may be justified. The consumer must face the fact that business faces rising costs, just as he does.

Yet I honestly believe that, although some increases are justified, some increases in our economy are unjustified. They happen in sectors of our economy where the market system is not working properly, where goods are in short supply. Let me refer to the steel industry.

About two years ago the steel industry committed itself to almost doubling production in Ontario alone. That showed great confidence in the future of Canada. It also showed that at the then current price levels the steel industry felt justified in expanding. At present, as steel is in very short supply, great price increases in steel have taken place, and not only at this primary level. I submit

that very great profits are being earned, profits which are not justified because the industry had already responded to the incentive to expand. It had already made its decision to expand. So, it has been taking advantage of the situation in which industries, other consumers, are in desperate need of steel. They are in the hands of the steel industry.

I urge the government to bring forward rapidly legislation for dealing with unjustified price increases. After that legislation has been passed I urge that it be enforced vigorously. If it is enforced vigorously it will affect not only the specific prices it is addressed to. Knowing the new power of the government, other businesses and industries will tend to act with restraint, especially in areas of the economy where the market mechanism is not working properly.

Let me turn next to the problem of housing. Housing costs have become the most serious single item facing the people of my constituency and, indeed, of metropolitan Toronto. The retired couple living on a fixed income takes small comfort from a pension which increases by 11 per cent, 12 per cent, or by whatever high figure the cost of living increases, if, in that same period, their rent goes up by 30 or 40 per cent. A pension geared to cost of living increases means little to people in that situation. I welcome the appointment of a new minister responsible in the field of housing. I welcome his vigour and his determination to cope with the problem. I am glad to see important housing programs outlined in the Speech from the Throne. Yet I suggest that the problem of housing is really one to be dealt with by the provinces and municipalities.

Let me ask this question, and suggest an answer to it. Why does a house on our side of the Canadian border cost almost twice as much as a similar sort of house in the United States? Why does a house in Ottawa cost three times as much as a house in a community of about the same size in New York State?

Mr. Benjamin: This is what happens under your version of free enterprise.

Mr. Kaplan: The climate is almost the same; houses in both places need to be built equally well. The mortgage interest rate is about the same. Actually mortgage interest is deductible from income in the United States. From this one would expect the price of houses in the United States to be higher, but it is not.

I have looked at policies pursued by our municipalities regarding the provision of housing and have come to the sad conclusion that those policies are designed largely to serve the interests of those who are already settled, already satisfied with their accommodations, and the communities in which they live. Theirs are the voices which carry most weight with the municipalities and provinces of this country. I suggest there has been a trade-off between accommodation and amenity. In this country, they have worried more about providing amenities, according to the wishes of those who are the power behind municipal and provincial governments, than about providing needed accommodation for those who are underhoused and whose housing needs are not well looked after. I submit, Mr. Speaker, that the federal government must