

The Address—Mr. Crouse

managed in salary increases has been more than eroded by inflation.

Why, in view of our abundance, was it necessary to tax those who are working almost \$2 billion for unemployment insurance benefits in 1972 and more than \$2.2 billion for unemployment insurance benefits in 1973? The increased cost of the program has nearly tripled the cumulative deficit of the employer-employee account and resulted this year in an increase in worker and company contributions to the plan. In fact, in 1974 we must pay \$923 million for last year's unemployed, and the same amount is proposed for the year 1974-75. Why is this necessary in a country as rich as Canada?

Why, in view of our abundance, are housing starts declining, and why have housing costs escalated to such absurd heights that our young people, as well as our middle-aged citizens, cannot any longer afford a decent apartment, while the purchase of a home is out of the question without making a lifetime commitment to pay the mortgage? In view of our abundance, why did food prices continue to increase last year by more than 14 per cent, and why is a further 10 per cent increase predicted for 1974 by the President of the Grocery Products Manufacturers of Canada? In view of our abundance, why are feed prices soaring and why is milk production declining? Why are our farmers leaving the land? In view of our abundance why did the ordinary Canadian, who may have set aside a few dollars for his old age, see the purchasing power of those dollars eroded by almost 10 per cent last year, and why should he face another 10 per cent loss in their value this year?

Surely, there must be answers to some of these questions, but obviously we are not going to get them from the apologists for this government who sit to your right on the other side of the House, Mr. Speaker. The Prime Minister stated when speaking in this House that inflation is not a new problem. He said it was the rate of increase which is new. He went on to say that during the past two years an unprecedented round of price increases and shortages of food as well as industrial raw materials have sent shock waves throughout the entire world economy. It is easy to blame the world for your follies and failures. The world is a very big place. I would point out that international inflation only accounts for approximately one-third of our total inflation. Furthermore, the domestic, self-induced portion of our inflation has been escalating continuously since the last quarter of 1970 when the Prime Minister said "inflation is licked".

● (1430)

This explains the lack of confidence by the majority of Canadians in the Prime Minister's leadership and in his government. It explains the reason we have moved a vote of non-confidence in this government. One of the key reasons for our inflationary spiral can be found in the estimates, and in the booklet "How your tax dollar is spent 74-75". The new estimates show government expenditures at an all-time high and rising rapidly. The same is true for the numbers in the public service, and the amounts that they are paid. In round figures, federal civil servants are now receiving more than \$4 3/4 billion a year, a jump of 50 per cent in the last five years. And there are now about 60,000 more of them than when the Prime Minister froze

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the growth of the civil service in 1969. If this can happen under a freeze, heaven help us if we ever experience a thaw. Unless the Prime Minister and his cabinet set to work to remove some of this fat from the system, our ship of state will have such a big crew there will be no room for any of the passengers.

The Prime Minister complains in his speech that we, as the official opposition, do not offer any workable solutions to inflation and the many other problems we face as a country. In answer to that charge, Mr. Speaker, we have offered a number of solutions to the government concerning our inflationary problems, but they have apparently been unacceptable, due to the difference between our political concepts and our priorities as compared with those of the government. For example, we have suggested that the government reduce taxes, especially the federal sales tax, on all clothing and the tax on building materials. This would be very helpful to the Canadian textile industry and to the construction industry as well as the potential homeowner. However, in order to cut back on taxes the government would have to curtail its expanding bureaucracy which it states in its 1974-75 booklet stands at 500,000 men and women—and obviously this is something it is not prepared to do. It would have to eliminate Information Canada, something it is not prepared to do. The government is not prepared to cut taxes because the system it is establishing will eventually make all Canadians subservient to the federal government.

From pupil to principal, from pauper to prince, all must come hat in hand to wait and to beg for assistance. Any business developments in Canada today must wait until any changes in transportation policies are made known, must wait until the government's DREE grant policy is established, must wait until the Minister of the Environment (Mr. Davis) approves of the site, and the Minister of National Revenue (Mr. Stanbury) and the Minister of Finance (Mr. Turner) determine the taxes to be levied, retained or written off in that particular area. That has resulted in complete stagnation insofar as industrial growth is concerned. This process is costly as evidenced by the increase in estimates. This process is costly in lost production, in lost wages and man hours, but this system gives tremendous power to the government. Every time this power increases, and it is bound to increase under the measures proposed for further government manipulation as stated in the Throne Speech, we as Canadians lose a little more of our basic individual freedom. When we look at this year's estimates, there should be no doubt in anyone's mind that the government's wasteful extravagance and its money supply policy have been the main cause of our inflation. When a government prints money to pay its own bills, and covers that deficit by causing an excessive increase in the money supply, this action triggers inflation.

I would point out also that domestic inflation is created when the rate of credit expansion exceeds the physical capacity of the nation to produce goods and services. This was touched on by my colleague the hon. member for Prince Edward-Hastings (Mr. Hees) when he spoke in this debate. The supply of money in Canada increased by more than 70 per cent from 1970 to 1973 which is a jump unparalleled in recent history. The responsibility for this growth in the money supply rests entirely on the shoul-