

The Budget—Mr. Schumacher

million endowment with which it was originally established. What about the \$15 million increase in the grant to the C.B.C., which now receives a total of \$166 million annually? To that figure must be added the \$65 million which is the cost of the headquarter building to be erected in Montreal. There has been no restraint in that area at all.

To help in controlling this problem of consumer credit and to assist the bond market, I suggest a practical approach would have been for the government to allow tax credit for that portion of a person's income invested in bonds, no matter whether they be federal, provincial or municipal. A ceiling should be set on the amount invested so that the extremely wealthy people of this country do not take undue advantage of this provision. If that idea were adopted it would have the effect of attracting money into savings, and pressure would be taken off the consumer credit field.

I think it is apparent to everyone that high interest rates do not deter people from buying on time. They still expend their resources in fields of consumer credit. Of course, one of the difficulties of our situation has also to do with the money supply. Last year, in one of its gross miscalculations, the government decided to increase the money supply; between May and September it increased that supply at an annual rate of 20.5 per cent. Is this the way to cool the economy, Mr. Speaker?

I think the minister and the government ought to consider abandoning the fixed exchange rate with respect to the Canadian dollar. Such action would force the government to practice what it preaches because, if it were to carry on as it now is carrying on, our dollar would be driven right down in value. If we were to abandon the fixed rate of exchange we could stop importing inflation from the United States. As I say, such action would force the government to behave reasonably. After all, prevailing conditions now are not similar to those of 1962 when the fixed exchange rate was established. The government should face that fact.

Those able to travel to other countries are the beneficiaries of new regulations affecting duty. In that regard the government has discriminated against lower income people of this country who cannot afford to travel and who are hardest hit by this great social development tax which was imposed in the previous budget.

An hon. Member: Shame.

[Mr. Schumacher.]

Mr. Schumacher: Why did the government not make reciprocal arrangements with other countries? Our economy would benefit from money spent by visitors from other countries. The same could be said about changes in the tariff rates. Before saying that the rates which were to come into effect in 1972 will come into effect now or in the near future, why did the government first not enter into reciprocal arrangements with other governments to make sure that our goods enjoy lower tariffs when entering other countries. Apparently our government made no such effort which would have helped the Canadian economy. All the government did was introduce certain changes which will have the effect of throwing thousands of our people out of work. They will bear the brunt of the changes. That may not have been the intent of the government's policy, but the practical results of that policy will be hardship for some in our country. Why did the government not try to ease our burden by obtaining reciprocal benefits from our trading partners.

As I said at the beginning of my speech, I hope the selectivity principle the government seeks to implement in this budget will not be abandoned in the future. I think it is a good principle. Nevertheless, I think we all recognize that it is a mistake to impose selective programs on a geographic basis. By tackling the problem that way you are not getting at the root; you are only penalizing success. Surely, we want increased productivity in this country. Increased productivity should cure our inflation problem. We must obtain growth in real terms. To penalize our productive areas in order to help our unproductive areas will not help in the solution of our problems. So far as possible the principle of selectivity ought to be applied on a national basis. Of course, we should try to help those areas that will respond most quickly to aid. If necessary, such areas ought to be assisted at the expense of potentially less productive areas.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, may I first congratulate the Minister of Finance (Mr. Benson) for his budget speech, the most commendable aspect of which was its brevity. I believe he established a precedent. It was one of the shortest speeches in recent years. Another aspect which I think will go to the minister's credit is the fact he has been able to bring in a balanced budget after many years when budgets have not been balanced. I recall the statements of some of