

The Budget—Mr. Mazankowski

been appointed Minister of State and who was heading a sub-commission to deal with this issue? Yet, I think I can say that these programs always meet with difficulties and suffer through lack of interest, for employees, foreign to the very notion of profit, are anxious to sell off their shares for cash. Cash is all that matters to labourers and employees, whether unionized or not. Could the minister indicate to us how the government plans to remedy these shortcomings which have plagued these plans for generations?

The Acting Speaker (Mr. Herbert): The answer by the Minister of Labour should be very short.

Mr. Ouellet: Mr. Speaker, I would like to state that the Government intends to provide both labour and management with another means of coming together. In this country, we have gone through a period of acute confrontation in labour relations. We are aware that during those years of high prosperity, we could live with that kind of environment in labour relations, where each party would aggressively fight for the biggest possible share of the pie. But now that we are going through hard times, there is certainly no collective bargaining possible any more when confrontation is the rule and each side is trying to get the better part of the bargain. Therefore, we must find new ways conducive to agreement, co-operation, understanding and collaboration. And this employee profit participation plan, which the Government has suggested to labour and management, is one method among others to help improve the labour relations environment in Canada.

As far as details are concerned, we will ask labour and management to help us work them out so that the plan is acceptable and beneficial to all parties.

[English]

Hon. Don Mazankowski (Vegreville): Mr. Speaker, I want to begin my remarks this morning by quoting the first lines of the Budget Speech delivered in this House on February 15. The Minister of Finance (Mr. Lalonde) said:

My Budget today is dedicated to building a strong and growing economy—an economy that will generate lasting, meaningful jobs for all Canadians who want to work, an economy that will provide the economic opportunity and security all Canadians seek.

My Budget puts into action the program for growth, opportunity, security and partnership outlined in the Speech from the Throne.

No one in this House, Mr. Speaker, and no one across this country, can argue with those objectives. However, I think it is fair to say, as speaker after speaker on this side particularly have said, that this Budget is simply not going to set the direction for the achievement of those objectives outlined. It is very interesting to note that the Speech went on at great length about reliance on the private sector as being the main engine for economic growth.

There was something in the order of 100 promises in the Speech from the Throne which we know will never be fulfilled by this Government. What is really interesting is that there are roughly 26 commitments to set up new task forces, boards and agencies which essentially postpone any decision-making or

any action in terms of dealing with the problems within various regions of the country. One can see that there is quite a collection of these boards. There is a task force on information technology, a task force on private trading houses, a task force on textiles and clothing, a task force on shipbuilding and a deep sea fleet. There is a task force on the service sector and a task force on co-operatives. There is a commission of inquiry into eastern Canadian potatoes and an Asia Pacific foundation. An office is being set up for industrial innovation. There is a new industrial and regional development board. Then there is a parliamentary task force on charities, consultations on the Canada-Japan auto pact, consultations on domestic air fares and consultations on acid rain. I could go on and on, Mr. Speaker. That is certainly not leadership; it is simply a postponement and quite frankly a cop-out.

• (1150)

This Budget, I think it is fair to say, as my colleagues have pointed out, fails to address four basic essentials to economic recovery. As a result of the failure to address those basic economic essentials, I suggest that Canadians will be committed to a dubious, bleak and diminishing economic future.

Let me back that up with some examples. First is the issue of interest rates. Interest rates have continued to soar since the presentation of the Budget. As a matter of fact, I look at *The Edmonton Journal* of Friday, March 2 in which the headline reads "Rising Bank Rate is a Blow to Recovery". It goes on to state:

If Canadian policymakers maintain current fiscal policies, "the economy is just going to grind to a halt," warned Aron Gampel, economist with the Toronto investment firm Pitfield Mackay Ross Ltd.

He goes on to say:

The slowdown in economic growth caused by Ottawa's high interest rate policy is alarming, Gampel said.

He described recent GNP figures as a "disaster". Take away exports and the build-up of inventories, and growth actually declined in the final quarter of last year, he said.

We have a situation in which the Minister of Finance quite correctly pointed out at page 2 of the Budget Speech that inflation was brought down to 4.5 per cent at the end of last year, yet we have an interest rate which is up to 10.07 per cent. The spread is simply too great. At the end of 1982 there was a spread of roughly 3.2 per cent between inflation and the bank rate. Today it is approximately 6 per cent and that is simply too high. This problem has not been addressed.

There is nothing in the Budget that will encourage or motivate increased consumer demand. In fact, what is provided in the Budget but does not really address the issue since it is part and parcel of the leftovers from the previous Budget are some very huge, hidden tax increases which take effect in this fiscal year. We can see that approximately six of these tax measures will result in a tremendous amount of money being taken out of the Canadian economy.

For example, over the three-year period from 1984 to 1987, the special recovery tax will take out \$2 billion from the Canadian economy. The changes to the federal tax reduction