

stance adopted in Canada to date has been excessive. He points out that this country cannot realistically grow in real terms by more than about 5 per cent per year. The simple fact is that if you expand the system through your fiscal and monetary policy to, say, 20 per cent a year, the excess over the 5 per cent level ends up as inflation. If the President of the Privy Council had been completely forthright today, he would have admitted that, for whatever reason the government saw fit—political expediency, I suggest—it simply overheated the economy in order to get re-elected on July 8, 1974, thus causing much of the inflation hangover we are now experiencing in 1975.

I note that the President of the Privy Council is shifting the blame, if you like, for the current inflationary pressures on the economy to those who are asking for higher income settlements. Surely this is a strange twist. The government does virtually nothing to counteract inflation, then when those who wish to re-establish their income levels to compensate for inflation take action, the government condemns them. We suggest, as we did today in a question to the Minister of Finance, that it would be in order for the government to bring some light into the arena by issuing some interim guidelines while these very long and dull consensus chats are taking place. This would allow all sectors of our economy to understand what the government feels are suitable income levels as far as increases are concerned in today's economic context. Surely the government owes that to those who are negotiating at the present time.

● (1620)

The governor of the Bank of Canada has indicated the urgency of this matter, the dire consequences that will occur and how self-defeating this process will be if it is allowed to continue. However, we get nothing from the government but double-talk in the form of suggestions that talks are going on at the consensus conferences and decisions will be made at the appropriate time. The appropriate time, Mr. Speaker, is today.

Rather than having the President of the Privy Council here, we should have the Minister of Finance using this day to present a new budget that would deal with the problems now facing this country. If the Minister of Finance is not available, then perhaps the Prime Minister (Mr. Trudeau) should have been here to explain exactly where he feels the economy is going and what measures he intends to take, through his Minister of Finance, to ensure that inflation in Canada will be brought down to an acceptable level, with the unemployment picture dramatically improved from its present and forecast levels.

In dealing with this particular subject I should also touch on the remainder of the motion put forward by the Social Credit Party. It states that they not only deplore the inaction of the government in respect of inflation, putting the blame in effect on the international problem, but they also blame the government for ignoring the concrete proposals of the Social Credit Party for eliminating unjustified increases in the cost of living, and particularly the proposition of according all Canadian consumers a compensated price on all Canadian food produce.

The Social Credit members, certainly those who moved and seconded this motion, owe it to members of the House

Inflation

to clarify what concrete proposals are referred to. They should also make it clear, before we vote on this motion at 9.45 this evening, what they have in mind when they refer to a proposition that would accord all Canadian consumers a compensated price on all Canadian food produce. Surely before we vote on this motion it would be in order to have a clear explanation as to what is Social Credit doctrine. Frankly, I do not know what it is and I hope between now and 9.45 we will have an in-depth explanation of what the mover and the seconder of the motion, and in fact the Social Credit party itself, have in mind in respect of the latter part of their motion. Is it what the President of the Privy Council indicates—some type of subsidization program for farmers or food producers?

Let me reiterate our belief that there is room for a tax cut at the present time in the Canadian fiscal position. We have made it clear that we believe there should be a tax cut of some \$500 million. This would mean a cut of between \$60 and \$150 for most Canadian taxpayers. We also believe the sales tax that now exists on building products should be completely eliminated, and that the interest paid by homeowners above 8 per cent on their mortgages should be a chargeable item against income before taxes. We believe these would be worth-while measures that would tend to stimulate the economy while at the same time not being inflationary in their net effect.

I reiterate that this government has allowed expenditures to rise excessively. We are most disturbed when the Minister of Finance is so candid as to state at a committee hearing that he believes political expediency must dominate economic responsibility. The fact is that we are facing inflationary and unemployment problems today because this government has been irresponsible in its fiscal and monetary stance over the last few years.

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, one of the joys I look forward to is the possibility of the Conservative Party forming the government in Canada and watching them bring in a budget that will simultaneously fight inflation and stimulate the economy. There are some able people in the Conservative Party but it seems to me, given the idea of a Conservative government, it would take something just short of a miracle to accomplish this. I am not suggesting that it cannot be done. The way to do this—I hope my hon. friends to the right will note this and perhaps do it if they form a government—is to have a massive redistribution of income from those at the top to those at the bottom. Then you could deal with unemployment, stimulate the economy and control inflation. What is called for is a sharply graduated income tax. As I say, that is a joy I look forward to some day—seeing how my friends to the right will work that out.

An hon. Member: Stick around.

Mr. Saltsman: I have at least three more years to stick around. It seems to me that on the subject of inflation there is a total absence of frankness by people who raise the issue. My original notes contained the word "ignorance", but I decided against using that word as I do not think the people who talk about inflation are ignorant. However, I do think they are being less than frank with the public when discussing the problem.