

• (5:10 p.m.)

I turn now to interest rates. This budget has done nothing to encourage interest rates to come down. As a matter of fact, interest rates have gone up. I have before me a statement from the Bank of Canada issued on Wednesday, October 23. Of course it does not reflect the immediate post-budget reaction of the bond market. However, we have seen already what has happened to the long term average of the ten particular bond issues dated from July 1, 1969, through to September 1, 1992; the rate is 6.86 per cent. The rate for half yearly treasury bills is 5.77 per cent. All one has to do is to look at the charts to see that the bellwether bonds, the 4½ per cents for 1983 are on their way up again. They are bound to be. As a matter of fact, we know what the reaction of the bond market was the day after the budget. Bonds dropped by at least two points. My telephone kept ringing for a couple of days afterwards as people in the bond business called to say that the reaction of the market was that people did not believe the government any more. If they could not believe the government, whom could they believe?

School boards and businesses that are trying to arrange long term financing have been left high and dry because the one authority in the country in which one should be able to believe is the federal government—the federal government sets the tone for the bond market—and it has completely missed the boat. Government authorities all along the line will feel the reaction, and this will be a further penalty that Canada will have to pay during the forthcoming year.

I have spoken about controlling government expenditures, Mr. Speaker. We have been told that government expenditures will increase by a further \$800 million in 1969-70. According to the figures put forward by the Minister of Finance, we will have reached a total expenditure of \$11,670 million by 1969-70. Naturally, I do not place too much credence in the accuracy of that forecast, except that it is likely to be an understatement. Why do I say it is likely to be an understatement? We know the catalogue of events with regard to the forecast of a balanced budget and the size of the potential deficit during last November, last February, last May and then in September. Now we come to this point.

In September, the President of the Treasury Board (Mr. Drury) said that because they had underestimated the expenses of two

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programs in particular, post-secondary education and hospital insurance, the government had underestimated by some \$400 million. The truth of the matter is that the post-secondary education program was implemented about two years ago. I recall the occasion, a Sunday night prior to the dominion-provincial conference, the federal government issued the terms of its proposal and that was it. University grants in the old form were gone. The vocational training program was gone. We were all to get this post-secondary education program. The government devised this program; they did not get any help from the provinces in working out the details. Within two years the government has underestimated the cost to it by \$230 million. What sort of thinking is this? How well do they think through these plans? The plan was probably the brilliant suggestion of some backroom boy. I think perhaps the present Minister of Forestry and Rural Development (Mr. Marchand) will have to bear some responsibility for this because the plan was commenced under his aegis. Now that he has been transferred to another ministry he is perhaps heaving a sigh of relief because it would be a very serious problem for him at this time. This is another reason this administration is no longer credible when it makes statements with regard to the financial position of the country.

Then there is the problem with regard to hospital services. Perhaps the house will permit me to reminisce. I recall that when Hon. Donald Fleming was minister of finance the first dollar was spent under the Hospital Insurance and Diagnostic Services Act in July, 1958. The act had been passed in 1956-57 by the Liberal administration, but it was not workable. It was amended. I recall that Mr. Fleming told us privately or publicly, I do not recall the occasion, that within ten years the federal government share of this program would exceed \$550 million a year. Well, he did not pull that figure out of a hat. Obviously he had been advised by his officials as to the cost of the project. What has happened? As a matter of fact, his figure of \$550 million is perhaps just a mite low but for a ten year forecast it is pretty well on target. When it comes to forecasts, the former minister of finance (Mr. Sharp) stated some time ago that medicare would cost a billion dollars for a whole year's operation if all the provinces were included.

The present Minister of Manpower and Immigration (Mr. MacEachen)—I have to go through these different changes—contradicted