

member countries of the OECD have recognized as the major problem? I suggest it is not.

Until recently, I will confess that our friends in the NDP were able to prop themselves up on the policies of the only country of the major industrialized group which had opted for a spending approach, namely the socialist regime in France. We all know what that has come to—a 14 per cent rate of inflation and the realization as of several days ago that the only way to get back to a healthy economy in France is to tackle inflation, and that is going to demand an austerity program.

I would like to quote some comments from the June 14 *Wall Street Journal* which touch upon the kind of austerity program that the socialist regime in France has seen fit to introduce because of the continuing problem of inflation. First, the Prime Minister said there will be a four-month freeze on prices and wages in an effort to curb the 14 per cent inflation. Also, there has been a devaluation of the French franc, a devaluation in France and an upward evaluation in Germany, so that against the mark there has been a 10 per cent change.

The huge French deficit has to be attacked. How is that to be done? By austerity measures. The French foreign reserves have plunged dramatically in recent weeks in an attempt to defend the franc. We find elements in it such as the minimum wage will be allowed to rise by 3.2 per cent. This is against an inflation rate running currently at 14 per cent.

It is quoted here that in keeping with its socialist priorities, the government said that family allowances, housing allotments and pensions would be allowed to increase by 6 per cent, 8 points below the current rate of inflation of France. Prime Minister Mauroy said the government's immediate objective was to bring inflation below 10 per cent, and next year the government intends to hold inflation to 8.5 per cent.

I wish that our friends in the New Democratic Party would begin to understand what their cousins in France have finally understood, namely that inflation is the number one problem and that expansionist policies, rising government deficits and increased intervention by the public sector is not compatible with an anti-inflationary stance. You cannot marry the two; France has learned that. The spending solution is not the way out of the economic difficulties which face us at this time.

I suppose we all belong to a political generation which has grown up, understandably, in very prosperous times. Looking back to the early seventies, we had something like 25 years of continual prosperity and growth in productivity after World War II. This is why many people in our generation, and I take the privilege of including the hon. member for Kamloops-Shuswap in my generation although I may be somewhat older, have grown up to believe that spending can solve any problem. We know now that it cannot.

There was an old slogan with which I would suspect many members of this House are familiar: spend, spend, spend, elect, elect, elect. Every proposal and program put forward by our friends in the NDP should be engraved with a modification of that slogan: spend, spend, spend; inflate, inflate, inflate. I further suggest—and God spare us the day which the hon. member for Kamloops-Shuswap dreams of when his party

forms the government of this country—that would be a fitting epitaph on our national economic tombstone. In any event, we know that France tried it and failed. We know it has been rejected by all other members of the OECD as not being the way out of the dilemma which faces this country—

[Translation]

—I believe there is an expression in French that is the equivalent of “two-edged sword”, which is to say that there may be positive effects for a time which are then followed by extremely negative ones. There is always the matter of reciprocity. We all know, Mr. Speaker, that our country, Canada, is so dependent on international trade that the protectionism so often urged on the government by our colleagues opposite, even, it seems to me, by the hon. member for York-Peel (Mr. Stevens), is an approach that in the present circumstances could have extremely negative results.

[English]

We have some real problems, frankly, and perhaps unconsciously because of a lack of understanding of the Canadian economy and the way capital markets work, the way investors think and the reason why free enterprisers are motivated. I think there is a serious lack of understanding. The result is, I suggest, that instead of helping the situation, the recommendations of our colleagues who believe in the socialist option are in fact reinforcing policies which, in the minds of their constituents and in the minds of Canadians, are extremely negative for this country and are not going to solve the problems of the constituents, who are indeed in very serious difficulties and for whom I believe the hon. member has great compassion.

● (1750)

The idea of stimulating a thought that we should have perpetual expectations of rising incomes is one of the cornerstones, it seems to me, of what I hear in terms of New Democratic Party policy. They would seem to suggest that we should have an inflation-conditioned society. What we must do is go in exactly the opposite way. We must make people realize that we cannot live with inflation. This country's prosperity, its future, its potential and its riches that we are so dependent upon cannot be accomplished through inflationary policies of the kind that party recommends. Surely the hon. member does not want to put us on the road to Argentina or to Brazil in terms of inflation. That is where we would be going, Mr. Speaker, with the kinds of policies that that party recommends.

I suppose that it is partly a result of the “me too” generation—help ourselves first; do not think of the greater collectivity, but help ourselves first at the expense of society. We really do, during this terribly difficult period, have to develop a sense of collective responsibility and stop pointing fingers.

Some hon. Members: Hear, hear!

Mr. Johnston: You can point the finger at governments, you can point fingers at unions and at business, but that solves