

The Budget

should be, and that they will make a contribution to this committee. I hope that any subcommittees or commissions appointed to carry out the work of the National Capital Commission after receipt of the committee studies, will be representative of all regions of Canada. If we are going to build a truly national capital we must use the history of the country to do so. Regionalism must go by the board, and pride in our nation as a whole must be the substitute for partisan politics.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.
Motion agreed to.

Mr. Sharp: Mr. Speaker, perhaps your view of the clock is not quite the same as mine, but could you call it six o'clock?

Mr. Deputy Speaker: It being six o'clock I do now leave the chair until eight o'clock tonight.

At 5.45 p.m. the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

Hon. John N. Turner (Minister of Finance) moved:

That this House approves in general the budgetary policy of the government.

He said: Mr. Speaker, this has been a tough budget to prepare. In working on it I have talked with and, more importantly, listened to a lot of people in all walks of life. Many members of this House have been helpful and generous in their advice. A budget is, of course, an economic document. In it a minister of finance should give an accounting to the country of the existing situation and propose his ideas for the future. But it also must be a human document. If its policies are to succeed, it must strike the right note and take into account the mood of the country.

When I brought down my budget last November I warned of the grave risks arising from the uncertain and precarious state of the world economy.

During the intervening seven months, the situation has become more difficult. The decline of world economic activity has turned out to be more severe and prolonged than we or anyone else anticipated.

At the same time the underlying problem of world inflation remains. The rate of change of prices in a number

[Mr. Hopkins.]

of industrial countries has slowed significantly in the early months of this year, but there is a danger that inflation will re-emerge when the tempo of world economic expansion is restored.

[Translation]

The world recession has put a brake on our own economy and we have thus been compelled to scale down our projections for Canadian economic growth this year. But we have escaped the full impact of the deep recession in the United States. To a significant extent this is the result of the expansionary policies we have followed in the past, the effects of which are still working their way through the economy. Recent public opinion surveys suggest that most Canadians feel today that they are better off than they were a year ago. The disposable income of the average Canadian remains high. But we must look down the road to see the terrain that lies ahead. We have experienced a considerable increase in our costs in the last several months. This acceleration of our costs if it continues, poses grave difficulties for the future.

We are now faced with a dilemma. If we follow more expansionary policies at this time we run the risk of making inflation worse. If, on the other hand, we follow contractionary policies, we risk worsening unemployment.

In my November budget I spoke of the need for a national consensus about what various groups can safely take from the economy over the next few years. If such a consensus had emerged by now we would have been faced with a less difficult policy choice.

Since a consensus has not been reached, the government has had to examine a wide range of other options for dealing with the problems of inflation and unemployment. I propose to describe them fully. It is most important that the people of this country understand the nature of the economic problems which confront all of us and the hard choices which have to be made.

[English]

At the same time we are confronted with major problems in the field of energy. We are fully conscious of the short-term adverse effects of a sharp increase in the domestic price of oil and natural gas. We are, however, faced with a growing dependence on imported oil. We have to recognize the long-term need to develop new sources of supply in Canada and to promote greater economies in the consumption of these scarce resources.

Faced with these conflicting requirements in dealing with inflation, unemployment and energy, I have had to strike a careful balance in the choice of policies. Taking into account the climate of opinion in the country, the government must give a lead that will enable us to improve our economic performance. The faster rise of costs in this country than in the United States is casting a shadow over our economic future. Should this trend continue our prospects for the expansion of output, employment and real incomes will be endangered. Dealing with this inflation problem without adversely affecting our immediate employment prospects constitutes the heart of this budget.