

gathering momentum, and with the federal fiscal deficit topping \$9 billion, these are serious questions of concern to all thinking Canadians. Yet the man most responsible for the government's fiscal and financial policies, the finance minister, merely ducked the questions by implying that he had never set such goals for the country, and that anyway they did not matter all that much.

This approach is all too typical of this government. When it finds that it cannot meet even its own standards of performance it simply puts those standards off, or maintains that goals are, after all, not important. When this administration brought in the wage and price control package it did so with much fanfare and ballyhoo about getting inflation down to 4 per cent this year. Let's remember that. It was the level of inflation we were told this government would achieve. Now, with inflation running about twice that level—in fact last month it was up to 9.5 per cent in a year over year basis—the government, rather than taking a hard look at its policy and programs, has decided instead to move the target back a couple of years.

We have even more current examples of where this minister is openly deceptive with the Canadian public. You will recall, Mr. Speaker, on October 20 the minister indicated that if we accepted his program inflation would be below 6 per cent in 1978. Before the finance committee of this House, the minister subsequently confirmed that by 6 per cent he meant that the average rate of inflation for the totality of the year 1978 would be 6 per cent. Those are his words.

● (2212)

On January 16 he crept into Toronto and spoke to the Canadian Club. He told them that the rate of increase in the consumer price index would be down to 6 per cent by year end, in short by December of this year as opposed to his earlier prediction. This type of deception by the Minister of Finance is totally unacceptable. It is time we called it what it is. It is open misrepresentation to the Canadian public.

The government seems to be in the position where they are willing to go to virtually any length to avoid living up to responsibility for the state of our economy. They will rationalize. They will make excuses. They will even attempt to rewrite history. They will do anything but face their own glaring mismanagement.

We saw this in committee recently when the Minister of Finance—naturally, it is very hard to get him before a standing committee of this House because he does not like to be cross-questioned when he is out of his depth and virtually does not know what he is doing—tried to account for a staggering \$11 billion deficit in manufacturing trade. That is the amount this incompetent government has allowed to run up in this country. The minister came back with the startling observation that it is a matter of definition. He said that if we call it manufacturing, there is an \$11 billion trade deficit. However, if you include certain other things, such as wheat, for example, which the good Lord presumably manufactures, he said the deficit would be something less than \$11 billion.

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What absolute hypocrisy to be suggesting that it is simply a question of definition. The government blame everyone they can think of. They blame the Arabs for our problems. They blame the United States government if it suits their purposes. They blame labour and management. They blame everybody but the obvious, themselves.

What is even worse, the government tries to minimize the seriousness of the situation. With a current account trade deficit of over \$4 billion, with unemployment at the highest level in 40 years, and incidentally higher than in any industrialized country in the world, with inflation hovering at dangerous levels, the minister has the gall to tell the *Financial Times*, as he did last November, "and in ten years' time the people will say oh, gee, 1977—it was great."

The Minister of Finance has sent his parliamentary secretary here tonight because he does not like to face members of this House. I hope the parliamentary secretary will try to set the minister's record straight.

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, the reason my minister cannot be here tonight is because he is speaking to the Canadian people in a very positive fashion. As the hon. member knows, the parliamentary secretary usually represents the minister at the late show.

To get a balanced view of our performance relative to that of the United States, it is necessary to look at more than one single indicator, as the member opposite has done. When a more comprehensive view is taken, it is not at all obvious that we are seriously underperforming relative to the United States.

While recent price increases in Canada have been somewhat greater in recent months than south of the border, there are other areas of economic activity where we have done better, in some cases much better, than have our American neighbours. For example, relative to 1974, business fixed capital formation here has increased by almost 50 per cent while the increase in the United States fell short of 30 per cent. Our merchandise exports are up 40 per cent over the same period while those of the U.S. increased by less than 30 per cent.

● (2217)

It is true that the rate of inflation, as measured by the consumer price index has recently been rising faster in Canada than in the United States. In December, the CPI in Canada was 9.5 per cent higher than one year earlier while the increase in the U.S. was 6.8 per cent.

The difference in these rates can be narrowed substantially when food and non-food prices are considered separately. Using the same year-on-year calculations, non-food prices in Canada were up 7.4 per cent while those in the U.S. were up almost as much at 6.3 per cent.

One of the main reasons why our food prices have moved up more than in the United States has been the recent depreciation of the Canadian dollar vis-à-vis the U.S. dollar. This means that the Canadian dollar price of goods whose price is set in the international marketplace has increased by the full