

*Oral Questions*

1983 again. It is now slightly below the level of 1981. The Minister of Finance admitted that this new Budget will have no effect on the economy, as is the analysis of most economists.

Having brought in this Budget, which is a failure and which will have no effect, what steps does the Government plan to take to overcome this bad economic news and start us on the track of a proper economic recovery which will put people back to work? What is the Government going to do, or is there going to be a three-month hiatus while the Liberal leadership business goes forward?

**Hon. Roy MacLaren (Minister of State (Finance)):** Mr. Speaker, the Hon. Member should recognize that the growth rates in Canada today are at the sustainable levels which we forecast and which the Hon. Member must know follow naturally from the initial impetus in the economic recovery that constantly occurs in the cyclical nature of our economy. The first surge of re-investment and the first surge of growth come from consumer spending. It is typically followed by a period of some retrenchment when the investment rates gradually pick up. That is what we are seeing today.

The Member speaks of business investment being at a lower level. If he will look at total capital spending he will see that in fact it is up. There is a percentage increase in total capital spending. He will know that part of it is from Special Recovery Projects which the Government put in place in the April Budget. We did so knowing full well that, in the first period of our economic recovery, inventories would be run down, that there would be a period when productive capacity would be more utilized and that the Government, in that initial period, needed to provide a capital impetus in the economy. That is what has happened. We are confident that the private investment will follow in 1984.

● (1450)

**Mr. Crosbie:** Mr. Speaker, no one will swallow this jabberwocky and gobbledegook.

REPORT ON ECONOMY'S PERFORMANCE—IMPOSITION OF TAX INCREASES

**Hon. John C. Crosbie (St. John's West):** Mr. Speaker, I show the Minister the Statistics Canada daily report for Thursday, March 1. Statistics Canada, the Minister's own agency, says this:

The slowing of the recovery in Canada in the fourth quarter was largely attributable to weak final domestic demand. Residential construction and business investment in plant and equipment declined at accelerated rates in the fourth quarter, and the recovery of consumer expenditure slowed.

Everything which has to do with promoting a recovery has slowed. In view of the fact that this domestic demand has weakened and is declining and slowing the recovery, can the Minister explain to the House why he is imposing \$6.1 billion in additional taxes on the Canadian consumer this year, and in the next two years, including the sales tax increase of 1 per cent this coming October, or will the Government consider

doing away with these increases in view of this weakness in domestic demand?

**Hon. Roy MacLaren (Minister of State (Finance)):** Mr. Speaker, I do not know where the Hon. Member has been recently. Any economic forecast in Canada has made it perfectly clear, as did the Government, that after an initial period of strong recovery growth there would be a more sustainable level of growth stretching through late 1983 and into 1984. The Bank of Montreal, for example, in its recent forecast, welcomed such a sustainable rate rather than the rampant impetus that marked the first months of economic recovery.

With regard to the increased taxation that was forecast in the April Budget, it is our policy to continue that increase. The Bill with regard to the sales tax increase is before the House, and I trust that it will be adopted shortly. We will see the payment for the recovery programs met in part from the increased taxation that will be sustainable and will be affordable by the economy as the recovery goes forward. The Hon. Member knows that as well as I do.

**Mr. Crosbie:** Mr. Speaker, the Hon. Minister wonders where I have been. I have been out where the unemployed public, the people who are suffering from the lack of jobs and lack of recovery in this economy, are. That is where I have been. They want answers and action, not jabberwocky.

**Some Hon. Members:** Hear, hear!

MINISTER'S BUDGET STATEMENT

**Hon. John C. Crosbie (St. John's West):** Mr. Speaker, could the Minister tell us how the Minister of Finance was able to say in the Budget of February 15 that his goal was to secure the recovery, and that that goal has also been met, when all of these figures that I have mentioned here today, including those for domestic demand, business investment and real disposable personal income, are all down, but all need to be up and growing stronger in order for us to have any kind of recovery? How could that deceitful and fraudulent statement be made by him and by the Minister?

**Hon. Roy MacLaren (Minister of State (Finance)):** Mr. Speaker, the forecast that the Minister made, and with which I fully associate myself, is accurate. We have seen rapid growth in Canada during 1983. We see continuing growth through 1984. The forecasts are there, and the evidence is there.

The statistics which the Hon. Member opposite cites are for short term, and refer to the current recent quarter. They are not trends and are not of a nature that indicates where the economy is going. The economic recovery is taking place in Canada. Exports and total domestic sales are up. Investment is recovering. Inflation is down, and interest rates are down. The conditions now exist for full economic recovery and a restoration of growth in our economy.

If the Hon. Member opposite wishes to engage in his usual doom and gloom, and his distortions of statistics to substantiate his doom and gloom, and to speak of being tough and