

levels, a number of business groups, consumer groups, trade unions, home owners, renters and others suggested various fiscal measures to the minister for inclusion in his budget.

Unfortunately the common denominator of all those groups was indeed to reduce inflation, too often at the expense of all the other groups but not theirs. That is why the government must counter those inflationary demands with restrictive tax measures so as to maintain our anti-inflationary monetarist policy which, for awhile, was our only weapon to come to grips with the ever-escalating rate of inflation. Obviously the recent agreement between Alberta and the central government, and between nine out of ten provinces and the government of Canada with respect to both energy and the constitution will greatly improve the economic climate in Canada. Undoubtedly the fiscal measures introduced by the Minister of Finance in his budget last Thursday will bolster the dollar and lead to a definite lowering of interest rates.

● (1710)

[English]

An excellent example of inconsistent demand came from the ten provincial ministers when they were consulted about this budget last October. The provinces wanted the federal deficit reduced, of course, but none wanted the cuts to affect them. They all recognized that the most important fiscal measure we could take would be to reduce our deficit and our pressures on capital markets in order to fight inflation. But then most of them said that the federal government should not cut any revenue guarantees or transfer payments, should not raise or de-index any federal taxes, and should spend at least \$800 million on a new federal subsidy program to protect all farmers, home owners and small-business men from the effects of high interest rates.

If they had the responsibility for balancing these conflicting demands for Canada's general economic progress on the one hand, and their own economic and political security on the other, perhaps they would recognize the desirability of phasing out the 1972 revenue guarantees in order to allow the federal government to reduce the deficit without affecting contributions to health care and post-secondary education. Perhaps they would recognize the need to end tax loopholes for the rich while reserving large cash expenditures on interest rate relief for those who need it most. In other words, they might be forced to make decisions about what is fair and equitable for Canada as a whole, instead of each demanding what is collectively impossible. That is what the Minister of Finance meant when he said that people must change their attitudes if inflation is to be beaten.

[Translation]

On the other hand, Mr. Speaker, the Canadian Federation of Independent Business recently made public its pre-budget review where it stated, and I quote:

—designed to dispel mistrust and uncertainties and to show the new way to follow.

Among other things, Mr. Speaker, the CFIB recommended that the \$150,000 ceiling on the deduction granted to small-

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and medium-sized businesses be raised to \$200,000, and that the necessary amount of profits made by a business during all its operational life be increased from \$750,000 to \$1 million. This was approved. The CFIB asked for new unemployment insurance rules, so the budget provides for lower premiums for both employee and employer. The CFIB requested as well an extension of the Small Business Development Bond program for the expansion of small and medium-sized businesses and a wider field of application so that individual business owners might benefit from it as well. That proposition has been almost totally accepted.

The CFIB also urged the government to reduce federal expenditures and the share of government revenues now earmarked for servicing the debt. If I may, Mr. Speaker, I should like to point out that not only does the government intend to bring the deficit from \$11.2 billion down to \$9.8 billion in 1981-82 but it is also going to lower our cash requirements to \$6.6 billion in 1982-83. We forecast a very sharp decline in our interest rates whose increase must drop from 38 per cent to less than 5 per cent if we are to pay our debt. It is important to recall that in our context of restraint and equity, the major requests of the CFIB have been met, even exceeded, and of course I am referring to the federal sales tax.

[English]

So, Mr. Speaker, do not misunderstand me. I am not criticizing Canada's economic interest groups for trying to protect themselves. Their leaders are elected or appointed to present a particular point of view. Their input into the decision-making process is invaluable; but all too often they make demands that are inconsistent from a social perspective, as if the pursuit of their own interests somehow automatically results in what is best for Canada as a whole.

The worst offenders are clearly the two opposition parties, for they are not supposed to be representative of particular interests. As national parties in a national parliament, they have a responsibility to reconcile conflicting interests and to balance conflicting demands for economic security and economic progress. That they have failed to accept that responsibility is plainly evident from the debate thus far. They are merely echoing the chorus of complaints.

Home owners and renters can be assisted in the long term by policies of fiscal and monetary restraint which will reduce inflation and interest rates.

An hon. Member: You don't see it happening.

Mr. Deniger: What distinguishes our program of restraint from the drastic Conservative approach—

Mr. Blenkarn: If people are restrained, government should stand fast.

Mr. Deniger:—being undertaken in Britain and the United States is our additional emphasis on equity. The \$350 million this government is allocating to help home owners and to stimulate construction of rental housing is going to those