

*The Budget—Mr. Tétrault*

ing to produce more if the possibilities are put forward to produce more.

Prior to the 1939 war my home was near a small railroad town and I could see thousands of young men travelling coast to coast from Halifax to Vancouver looking for jobs, wanting to do something for Canada. During those years these young men were called hobos simply because they could not find work.

During the 1929-39 crisis all the governments of Canada were dead broke; all the citizens were also broke. Mr. Speaker, in the fall of 1939 the World War broke out and in 24 hours the Canadian government found all the necessary funds to give work to all Canadians, dress them, feed them, provide them with free medical examinations and, if they were found fit, the army would train them free of charge, plus a salary and free transportation to the battlefield.

• (5:50 p.m.)

If the war had lasted for ten years the government would have found all the funds necessary for the duration of the war. Once the war was over, the government did not find the necessary funds to balance its budget. Apparently the government is anticipating a \$750 million deficit for 1971-72. We cannot continue very long in incurring such heavy deficits because we are already paying \$2 billion annually in interest on our national debt. For many years we asked the government to use the Bank of Canada, which is the bank of the people. Why pay exorbitant interest rates when we know that we have our proper bank?

Our national debt represents a drain of over \$5 million every day of the 365 days of the year. I think we should stop and think and see what the Social Credit Party of Canada has to say. I think the country should study our ways of thinking about the financial system we have in Canada. I do not think many members of this House have been attacking this system. Social Crediters are the only people who will attack our financial system. I think our government should study once again our policies and realize that we want to go forward with Canada.

**Mr. Lloyd Francis (Ottawa West):** Mr. Speaker, the problem that the Minister of Finance (Mr. Benson) faces in preparing a budget for the nation becomes more complex in our society each year. I can remember that as a student at university—I am now 51 years old and that tells what is my generation—the problems we discussed in our economics classes related to such factors as high levels of employment and price stability. Those questions are still with us and are fundamental. To those problems have been added the problem of maintaining a stable exchange rate. This does not just mean that we must maintain stable internal prices; it means that we must maintain a stable price of our currency in relation to the currencies of our trading partners.

Then, as the complexities of government intervention in our society became more obvious, additional objectives were put forward. The Economic Council of Canada spoke of them in terms of an equitable distribution of rising personal incomes. The information that is required

to achieve these purposes has been extended through the use of computers and the development of statistical techniques. The more the government is called on to do, the more it must know; and the more it must know, the more difficult the task becomes. At the very best, the budget is a skilful exercise of judgment because there are areas in which the judgment of the Minister of Finance can have very serious consequences for the economy.

Looking back on recent performances, it is clear that the government's record in price stability has been better than that of any of our major trading partners. Indeed, it is fair to say that in the past year it has been the best among western European societies. This achievement has not been without its difficulties. Our record in price stability led to a very healthy stimulation of our exports. This led to a large accumulation of reserves in New York and to upward pressure on the Canadian dollar which, in turn, led to the more painful decision that was absolutely inevitably made by the Minister of Finance to let our dollar float and to bring it up in value in relation to other currencies. This, in turn, caused pressure to be exerted on export industries and created unemployment in those industries. To the extent to which the government achieved certain purposes its successes created difficulties, because we were successful in stabilizing prices and in keeping our rate of inflation below that of our trading partners. To that extent our difficulties were multiplied.

It is clear, Mr. Speaker, that we cannot as a nation set goals substantially below those of our major trading partners in terms of price stability. However, the wisdom of hindsight seems to be greater than the wisdom of foresight. By looking back we know what might have been done a little better. In looking forward we can only use our best judgment.

To the immense difficulties which the Minister of Finance must face in the areas I have outlined, there is another difficulty to be added. The difficulty relates to maintaining reasonable economic relationships within a federal state and a reasonable degree of integration as between the federal budget and the budgets of the provinces. It was of no small concern to me, and I am sure it was a matter of no small concern to members of the House, to learn on April 26, when the provincial treasurer of the province of Ontario brought down his budget, that that budget was a declaration of economic warfare against the central authority of Canada, the possible consequences of which could be severe.

It is abundantly clear that when that ultimatum was delivered to the federal government, stating that there could be no constitutional revision and no progress on the constitutional front unless there was a handing over of the fiscal authority of the federal government to the province, the province of Ontario was charging that that province had been singled out for penalty and had been held back in its natural rate of economic development by the policies which the central authority had pursued.

Looking back on the federal budget that the Minister of Finance (Mr. Benson) brought down some ten days ago, one wonders why the treasurer of Ontario thundered the way he did. Many of the items he felt were good, will

[Mr. Tétrault.]