

Supply—Finance

many such cases. What I think foreign owners of any business in Canada should do is this: they should abide by the laws of Canada. There can be no doubt about that. The things that are good for Canada are things that they should be doing; they should not ask for anything more than that.

I appreciate that the committee has been very kind to me in allowing me additional time. I have just about concluded what I wish to say except for one thing. We find that the whole question of the medicare program due to begin on July 1 is apparently still under consideration. People say to me: the one thing we do not need is more taxes. And this scheme would involve more taxes, an estimated 12 per cent.

I say to the government that this issue ought to be cleared up because nothing is worse in the life of a nation or an individual than uncertainty. Nothing is worse in the financial world than uncertainty. The government has to decide and restore the confidence which I believe has been partially destroyed, not completely destroyed but partially destroyed. The way to do this is for hon. gentlemen opposite to put their own house in order. If I were to give any advice to the Minister of Finance this would be the advice I would give him.

Some hon. Members: Hear, hear.

Mr. McKinley: Mr. Chairman, many of the problems facing the country at the present time result from the fact that this government's policy has been one of ad hoc measures, chopping and changing, looking for short-term expediency rather than following a consistent, carefully thought out program designed to ensure even economic expansion.

I should like to review a few facts in this connection. Part of what I have to say may have been said before but I still think it bears repeating. We are now experiencing high costs, increased taxes, high prices and general uneasiness because of the extravagant spending policies of the government. The high prices arise from an increase in demand in which the federal government has been a major component. Increases in the money supply of a sporadic nature and sudden fluctuations in federal spending, particularly in 1966, have unsettled the money market and added to our difficulties. Unwise taxation policies such as the sales tax on building materials have increased built-in business and industrial costs and harmed our productivity and capacity to produce. The minister is now

[Mr. Flemming.]

forced to levy new taxes upon an already burdened economy. Unemployment is rising and a number of indicators show a general softening of the economy. Lay-offs are spreading, the boom has tapered off, yet inflation is still sweeping the country.

What is required is a return to competent, effective long-range policies which will not depend on day to day fluctuations and which will result in restoring a climate of confidence. For many millions today, prosperity is being siphoned off by the erosive forces of runaway inflation and rising costs. Inflation has taken a heavy toll of the welfare and economic well-being of every Canadian. There is none so poor as not to be made poorer by it, none so rich as to escape its effects. It has borne most heavily upon those least able to sustain it.

Inflation has become an uncontrolled monster seeking whom it may devour. Prosperity is being siphoned away. Those who never rose to the level of prosperity have had their situation worsened by the indirect yet nonetheless real tax which inflation imposes.

In his budget speech of June 1, 1967, the Minister of Finance outlined the very real dangers of inflation when he said, as reported at page 865 of *Hansard*:

Our record in the past two years, in this respect, has deteriorated. Between April, 1965 and this April the consumer price index has gone up by 7.3 per cent.

In the same speech he said:

If unchecked, such increases in costs and prices must lead to increasing inequity and dissension in the country and to a worsening of our competitive position vis-à-vis the United States. This would impose a serious restraint on the growth of Canadian industry and frustrate our efforts to maintain a steady rate of expansion in the jobs available for our growing labour force.

This, Mr. Chairman, is exactly what has been happening.

The former minister of finance, now President of Privy Council, reduced taxes by 10 per cent in April, 1965. Some said it was an election budget. He said it was not. However, an election did take place in November, 1965, two years after the previous one. When hon. members opposite should have been straightening out financial affairs, all they could think about was getting a majority. Their hopes were disappointed.

The present minister brought in a budget in March, 1966, a springtime budget, whose major objective was to restore the pre-election tax cuts. His next budget was a mini-budget. In that budget, he raised the amount