

Government Spending

Mr. Speaker, it is always difficult and complicated to try to come out of a situation that has become absolutely dramatic when the actual causes of that situation lie in the very system which generates them. And it is regrettable to see that in that war consumers and the producer will be forced to reduce prices, the worker, the wage earner will be forced to accept less money but we know quite well that it will be complicated and difficult on both sides, and sometimes it could also cost a lot to check those things, to control them, as the benefit that one would want to draw from it. It is not easy, of course, to fight inflation, since I imagine we are intelligent enough to understand that, when one admits that the primary causes which are the cause of all those difficulties are due to a defect in the system itself.

For example, in all that war of price controls, wage controls, restrictions, government cuts, how is it that at no time is there talk about the chief and basic reduction and control of interest rates. There is no mention of that, but how are price increases to be controlled if interest rates are not? How can a firm reduce its costs if it must borrow at astronomical rates? There will be no other way out other than forcing these firms out of business, thereby fanning inflation. It is amazing that they will not tackle that sore. Stepping out to control credit, that is the crux of the matter, and they ignored it. I do not wish to utter evil prophecies, however I must say that everything done now to prevent the current situation from getting worse is useless. I fear they will wait till the very last moment to realize the need to deal with the real problem.

Fighting inflation, practising restraints, all that sounds very nice. If they stopped and took the time to do some real and serious thinking, they would realize that even if we spent nothing, we would still have to live, to eat, to clothe ourselves and sleep somewhere. There are no cuts to be made there. If we need a lot of money to get good food, good clothing, good housing and the minimum of comfort to which we are entitled in a country as rich as ours, if it is only a question of monies, all we have to do is issue ourselves the money needed. We will never repeat that too often.

There lies the true problem, the only way to fight inflation. If we could produce everything we needed through adequate credit, prices would go down. And if prices went down, there would be less reason to fight for higher wages.

This is why I regret this sad situation. With all the goodwill in the world, we know very well that these government restrictions will be to no avail. What does it mean to cut off a few millions here and there!

We should simply arrive at a better administration and avoid the terrible wasteful spending that we witness much too often. If we could today make the government understand the need to find ways to avoid wasteful spending, we could make the policy healthier. But, and I would like to conclude on this note, a few cuts will not solve the problem of inflation. A few cuts in expenditures will not solve the problems which the government will have to face, and it knows it. These problems will only become more serious and more dangerous in a few weeks or a few months because their roots are not being attacked.

I therefore wish that because of this new awareness, the government may, at a given moment, consider the possibil-

[Mr. Matte.]

ity of getting to the roots of the problem of inflation by thinking first of all about reducing the interest rates.

[English]

Mr. G. W. Baldwin (Peace River): Mr. Speaker, let me first congratulate the hon. member for Champlain (Mr. Matte) for being the first member of the House since the Leader of the Opposition (Mr. Stanfield) spoke to pick up the nature and the quality of the motion standing in the name of my leader. I pay tribute to his reaction to it. I will in due course deal with the President of the Treasury Board (Mr. Chrétien). The hon. member for Champlain opened his remarks by saying that this motion constitutes a test of the government's intentions. He is quite right. It is a test that so far the President of the Treasury Board has failed dismally to meet.

As for the leader of the New Democratic Party, the hon. member for Oshawa-Whitby (Mr. Broadbent), he as usual gave us the characteristic, neanderthal socialist policies going back to the reactionary—

Some hon. Members: Oh, oh!

Mr. Baldwin: That is the most reactionary party in this House. They are espousing policies that were fashionable 60 or 70 years ago. They simply have not caught up with modern times. It is a pity that such a bright young man should be wedded to such a dismal and dispirited cause.

I want to say this about the hon. member for Champlain. He also took up the question of the nature of the requests made by members of the House from time to time. Of course there has been a need, and there will always be a need, for members to suggest that the government should change the emphasis in its spending. I would not adequately represent my constituency if I did not think that funds might better be directed in some other way than they are at present. That is the nature of these requests which are made to the government from time to time.

● (1650)

The President of the Treasury Board has given us his usual dull, listless, limp speech. I have heard it at least six times in the House recently. Having heard it again, I feel deeply discouraged. When the Prime Minister (Mr. Trudeau) came in today, he looked grim and dispirited. I know he has had a cold and I sympathize with him on that score, but there are other reasons for his apparent discouragement. He and some of his ministers have been away on an individual and collective economic safari, with themselves as beaters, gun carriers and spear bearers. After wandering across the length and breadth of Canada trying to sell a very difficult program—and I can appreciate the difficulties they encountered—a certain grimness of mood is understandable. After all, on October 12, 1975, the economy was in good condition. Inflation was not worrying anyone—certainly not anyone on the government side. The fiscal and monetary calculations established by the budget of the former minister of finance in June were right on line. Everything was fine; there was nothing to worry about at all.

Then suddenly, on October 13, tragedy. We are faced with inflation, or "apprehended" inflation, if I may borrow the famous word used in 1970. The Prime Minister finds