

GOVERNMENT ORDERS

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Tuesday, June 3, consideration of the motion of Hon. E. J. Benson (Minister of Finance) that this house approves in general the budgetary policy of the government.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I am glad to see that the Minister of Finance (Mr. Benson) has been let into school, not just excused from school, and is now here to respond to criticisms and comments made in respect of the budget. It is highly proper that he should be here to discuss the question of interest rates and the statement he is supposed to have made. I do not know how the Prime Minister (Mr. Trudeau) arrives at priorities as to where information should be given, but it seems to me this is another attempt to disregard completely the rights and prerogatives of this house. Government announcements and policies are being made before the television camera or in Calgary, Vancouver, wherever a minister may be at the particular time and wherever he thinks he will make the most political kudos.

Last Tuesday night we were discussing the budget. At first blush it is, of course, rather difficult to see all the detail of the budget. I was in no different position this year from the immediate past when I looked at the budget in order to comment upon the detail of it. I will say to start with that the minister indicated this was to be an anti-inflationary budget. I suppose we are expected to join him in three cheers because the government has finally recognized that inflation is one of the worst problems we face. There has been passing reference to inflation. The minister's predecessor used to rather pooh-poo it, and then in 1967 came into the house with great tales of woe with regard to inflation and the evils thereof.

If the minister feels that having now given a budget message it is incumbent upon the government to deal with the problem of inflation, I say to him and members of this house that he has missed the mark entirely, because I do not think this budget deals adequately with the question of inflation. The minister did not say anything with regard to interest rates except that they were unfortunately high. Interest rates, including those which the

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government has to pay, are constantly climbing. I would refer hon. members to the weekly bulletins of the Bank of Canada. I need not go into detail about these because I do not want to take up time beyond what I think is reasonable in this limited debate to put on the record in chapter and verse all the vagaries of interest rates in so far as they affect the government.

Today it is absolutely essential that the minister be here because it was announced in the United States—the minister always indicates when interest rates in Canada are discussed that we are affected by those of the United States, and of course we are—that the prime rate in New York would be advanced to 8½ per cent, a rise of 1 per cent. The minister should be here to indicate to the house the result of the conference he had with his officials consequent upon that announcement this morning.

Mr. Benson: I am here.

Mr. Lambert (Edmonton West): A great to-do was made last week in the house about the rise in the prime rate to 7¾ per cent by one of Canada's chartered banks. Are we now to expect that the rate of the Bank of Canada will be further increased and that the chartered banks will have to follow suit and we will see a prime rate of 8½ per cent? If there is to be a prime rate on commercial loans of 8½ per cent, are we going to see 10 per cent on housing mortgages within the next quarter? These are the points that we have to discuss and this is what the minister should talk about in the house this afternoon.

• (3:00 p.m.)

The minister also did not give any indication in his budget speech with regard to the level of government expenditures, although there is some information with regard to that in the budget white papers. There has been much self-praise by the government because of the surplus. I have also read a transcript of the minister's performance on a certain television program which followed his budgetary presentation in which he indicated that the government has taken care of the problem. He said that the government has taken care of the problem of inflation to the extent of taking out of the economy some \$11 billion, which is a great deal. There are the additional taxes imposed by last October's budget, as a result of which almost \$1 billion more will be taken out of the gross national product.

The minister was faced with an expenditure increase of some \$880 million. Actually,