

*The Budget—Mr. Stanfield*

ments. Those traditional controls, particularly traditional monetary controls did, when tied to gold, keep inflation under control; at the same time they permitted the economy to adjust as conditions changed. Such controls allowed individuals to move up and down, and companies which were progressive and able, to make profits; but they did not assure profits for the inefficient. Although the traditional monetary controls were effective, they are generally considered to be inadequate and not acceptable socially; therefore, we need a supplementary program.

Any program, to be effective, must involve governmental restraint—which we do not have. It must also involve some discipline on the prices and incomes which are inflation leaders. One hears many suggestions made these days. Professor Crispo, of Toronto, has made proposals, as has the chairman of the Economic Council of Canada. Other people are bringing forward proposals as well. This problem, sir, is one of the great economic problems of our time, one of the great economic challenges. We in Canada cannot eliminate all inflation. We do business with the rest of the world and if our trading partners are suffering from inflation we import some of it. Yet we can do much to control inflation in our country. We must do much to control inflation in this country. We must introduce a program for fighting inflation, if we value the continuation of our way of life, if we value what I call the small "I" liberal approach to our economy.

I suggest that in all probability we are three years away from the next general election. Therefore, let us face this problem honestly and frankly. Let us recognize that our economy needs discipline. If we reject the discipline of monetary controls as unacceptable, we must develop some other discipline. We need more than the mush of voluntary consensus. We need more than a budget which is self-contradictory and is merely another act in a tragic farce.

**Some hon. Members:** Hear, hear!

**Mr. Stanfield:** Sir, the Minister of Regional Economic Expansion (Mr. Jamieson) cautioned us yesterday against playing politics with today's inflation problem. I have to believe there was some sincerity in that warning. I hope he is pressing that point as sincerely and firmly within the cabinet as he did in the House. As I say, there will be no pressure of a federal election for a few years. There can be no more appropriate time for a government to back off political game-playing than the present. There can be no better time for the government to deal honestly and openly with Canadians on the resolution of these great problems of unemployment and inflation.

I said I would support the Minister of Finance when he was asking for a consensus, although I said I did not think it would work. I expressed my views on the program on previous occasions and I have expressed them in somewhat stronger terms today, although I do not think what I said about the program today will impair his chances of achieving such a consensus. I assured the House, Mr. Speaker, that I would support any reasonable, open and determined effort to deal with inflation, provided it is not a plan built on the backs of the ordinary people of this country. Let us recognize that if we are to achieve stability, we need discipline in our economy. I say, let us back off the game-playing and deal honestly and openly with

[Mr. Stanfield.]

Canadians. I will be pleased to see the Prime Minister move in that direction when he takes part in this debate.

**Hon. Donald S. Macdonald (Minister of Energy, Mines and Resources):** Mr. Speaker, in participating in this debate I wish to deal with five matters which concern my particular responsibilities. I shall deal, first, with the increases in gas and oil prices announced on my behalf by the Minister of Finance (Mr. Turner); second, with the funding of the compensation program which keeps a single oil price available to Canadians; third, with some adjustments in that compensation program; fourth, with changes in the resource taxation system; and fifth, with Petro-Canada and particularly with budget statements to do with Petro-Canada.

First may I deal with the question of oil and gas pricing in Canada. I think it is fair at this point to emphasize the value of the agreement which this budget and budgetary statement has declared between the Government of Canada and the province of Alberta in particular with regard not only to the pricing of oil and gas in Canada for the next year, but also certain decisions to be taken by that government which will withdraw the embargo it had imposed on the removal of natural gas for the use of markets in Manitoba and Ontario. I might emphasize the fact that after a period which has been difficult and sometimes rancorous in the adjustment of the resource-producing area's interests to those of the rest of Canada, I think it can be said that the agreement indicates we are moving into a period of calm, a period which we think should provide some stability in this area.

● (1620)

Our objective, of course, in going into the first ministers' conference in April was to achieve, if possible, the same kind of consensus on prices that was achieved at the meeting in March, 1974. However, in the course of discussions that followed the first ministers' conference, deliberations between federal and provincial officials, discussions between ministers and ultimately between the Prime Minister (Mr. Trudeau) and the other first ministers who were involved, it was obvious that no broad consensus on the question of oil and natural gas pricing could be reached. In the context of the positions taken by some first ministers at the April conference, the failure to obtain consensus is perhaps not surprising. While it is regrettable, it does not relieve the federal government of its responsibility to take those positions which it feels are in the broad national interest, and those decisions have been made.

There will be an increase of \$1.50 per barrel in existing Canadian prices for crude oil and equivalent hydrocarbons effective July 1, 1975. We are again asking the industry to refrain from reflecting this increase in product prices for a period of 45 days. In addition, to provide an appropriate measure of flexibility and to permit adjustment for seasonal and other factors in the market for Canadian oil, federal and provincial officials will be meeting to review price relationships between different grades of oil and will recommend changes to existing differentials if such changes appear necessary.

Effective November 1, 1975, the price of natural gas at the Toronto city gate will rise from its current value of 82