

provinces, but its own plan of medicare. Yet the government has not made any provision for the provinces to be able to discharge their responsibilities. It is not the federal government that gets it in the neck when we are short of doctors, hospitals and nurses; it is the provincial governments. I am sure the Minister of Finance will not have a very easy time explaining the federal government's attitude to the ministers of finance of the provinces when he meets them starting on Monday and Tuesday.

Mr. Woolliams: Poor fellow.

Mr. Baldwin: He has bought a large bottle of aspirin already.

Mr. Lambert (Edmonton West): This is one of the problems the budget should have been able to sort out. Second, there is the question of inflation. This budget places no curb whatsoever on inflation. After all, there is a big deficit that has to be financed by bonds. Again we will be operating on government credit, and that is no curb on inflation.

So far as the 2 per cent tax boost is concerned I ask, where is it concentrated? It is concentrated on the production workers, those people who are earning under \$8,000 a year. Many senior officers of major Canadian corporations have indicated that they anticipate that at the very next round of wage negotiations there will be a demand to cover precisely this point of income tax deductions at source. The working man is very conscious of this point of deducting income tax at source. It is brought home to him very quickly.

Mr. Stanfield: The postal increases, too.

Mr. Lambert (Edmonton West): I will very shortly talk about the postal increases being tax increases too. There is another feature of the budget that increases the cost of business and contributes to inflation. I refer to the provision for a further acceleration of the payment of corporation tax. I will discuss that matter later. This will add to the cost of doing business, and therefore up will go prices. This will be a further, shall I say, push for inflation.

I must apologize to the house, Mr. Speaker, because the other night I used the figure, I believe, of 153.6 as the cost of living index for the month of August and I have found that my statistical information was incorrect.

Mr. Benson: That is not unusual.

The Budget—Hon. Marcel Lambert

Mr. Lambert (Edmonton West): I find in the latest statistical summary of the Bank of Canada that the total index for consumer prices as of September was 156.4. As a matter of fact, 153.6 was the figure somewhere between March and April. In January of 1968 the consumer index stood at 152.6 and in September it was 156.4. We have already moved up 3.8 points and the year is far from finished. It will be interesting to see what the final cost of living index will be for this year.

• (5:00 p.m.)

We hear talk about inflation. I should like to make a brief reference to a statement which was prepared and delivered in an admonitory tone by the governor of the Bank of Canada in Victoria on October 17 this year. Let me read a few brief excerpts from Mr. Rasminsky's speech:

Taking the whole period since say 1960, our record with regard to costs and prices looked relatively good by comparison with other countries, rapidly than those of most of our major trading partners, including the United States. Indeed, by the autumn of last year we seemed to have developed an inflation psychology in this country. I tried to draw attention to this problem in a speech in Winnipeg last November. At that time I expressed the view that it was essential to break inflationary expectations by making it clear beyond doubt that inflation would not be accepted as a way of life in Canada and that this was the most urgent task of public policy.

What has been the result? So far as this government is concerned, since last November to the present time the cost of living has gone up 5 points. I do not see any indication that the government has tried some of the things it might have. Because of the actions it has taken in the past years and some it did not take it has found itself powerless to deal with the problem of inflation. I think this is the number one problem in so far as the economy of this country is concerned. The governor of the Bank of Canada gave ample notice that this is the most urgent task in respect of public policy. Yet the answer by the government was that they had a leadership race and then had to go on the gallop for an election instead of being here to deal with these problems. All during that time we have seen inflation increase more and more rapidly. I wonder what we will see by Christmas time? I am sure there will be a real Christmas present in the stockings of the old age pensioners and those people who are on fixed incomes in this country when the final figures are known concerning the cost of living in 1968.