

been a budget presented by now, and as far as we are concerned on this side of the House this is a very irresponsible act.

I would like to go into a little history as to why we find ourselves in this ridiculous position today of uncontrolled spending, endless borrowing, the printing of more money and what have you. It goes back to 1969 when the rule changes were brought into the House, having the effect of ruling out proper examination of departmental expenditures. At that time, rule changes were rammed through by the use of closure and the Canadian people have been suffering as a result of the move ever since, Madam Speaker.

I would just like to point out that we—

The Acting Speaker (Mr. Blaker): Order, please. I promised I would do this favour for myself. The hon. gentleman referred to me as Madam Speaker and after two months I wondered whether one of these days I might address the hon. lady and ask whether she is rising on a point of order.

Some hon. Members: Oh!

The Acting Speaker (Mr. Blaker): On behalf of other hon. members who serve in the chair, we would appreciate the minor recognitional difference.

Mr. McKenzie: Thank you, Mr. Speaker. One of your colleagues said, "I don't see the difference"! Well, I do see the difference and as far as I am concerned you are a man, so I will correct your Liberal colleague on the other side of the House. My apologies. We are just getting used to saying "Madam Speaker" and now we have to refer to both.

Another thing Mr. Speaker, which was started by the Liberal government of 1963, was the dock workers' strike in Montreal. That started wage demands right across the nation and began the inflation spiral. We are getting into the same situation with the letter carriers' strike which will cost some \$36 million in the first year. Now everybody will be in line for the same type of settlement. So we can see what the Canadian people are going to be facing in the years to come with inflation, uncontrolled spending, borrowing, the printing of more money. Many Canadians think that when we talk in figures of billions they will not be affected. But I am going to give a little breakdown on that, Mr. Speaker, to point out how it does affect them. It is the Canadian taxpayer who is paying for all this; it is not somebody else who is paying for them.

Another possible jolt we might be in for, Mr. Speaker, is the talk we hear these days that inflation indexing will be removed from the income tax. I just want to give some idea of what it will cost some individual taxpayers if this indexing is removed. At the present time if a person's real income is \$10,000, on the removal of indexing he will be paying an additional \$156 a year. In five years from now he will be paying an additional \$896. If a person is in the \$30,000 bracket, within five years he will be paying an additional \$2,740 in taxes. So we are starting on another inflation spiral, tax increases and what have you.

Borrowing Authority Act

I would like now to refer to some remarks that were made by the former finance minister, the hon. member for St. John's West (Mr. Crosbie). He pointed out earlier in this debate that when he was finance minister last October and had asked the House for \$7 billion borrowing authority to meet the earlier Liberal budget obligations—not his own—the present Minister of Industry, Trade and Commerce (Mr. Gray) pointed out that we needed no more than \$3.5 billion.

● (1530)

The question here is how in seven months the government's borrowing needs have jumped from \$3.5 billion to \$12 billion. We have had no explanation from any government members, from the Minister of Finance (Mr. MacEachen) or from the Minister of Industry, Trade and Commerce for this huge jump in such a short period; the government is asking us to blank-cheque this borrowing authority for \$12 billion with no explanation for that huge increase.

I would just like to refer to a recent American *Reader's Digest* article which explains what causes inflation, uncontrolled borrowing and why we have to print so much money. I just want to read a couple of paragraphs which explain in explicit detail just what causes inflation and how some governments have lived within their means, have been able to control inflation and are not having endless and uncontrolled spending and borrowing.

Mr. Speaker, the article I mentioned reads in part as follows:

Inflation in western European countries has been routinely running high with two dramatic exceptions—West Germany and Switzerland. West Germany has kept its inflation rate around four per cent; Switzerland, below two per cent in recent years. Both countries have displayed the political courage and citizen discipline to keep a tight rein on their budgets and on the growth of their money supply.

In the post-war era there have been four major instances of inflation being brought under control.

West Germany did it in 1948—refusing to "spend" its way to prosperity by running up huge deficits. The United States did it in 1953, under President Dwight D. Eisenhower, whose prudent fiscal policies led to an inflation rate during his administration of 1.4 per cent a year. France accomplished the feat in 1958, when Charles de Gaulle halved the government's budget deficit. In each case, control was achieved by dramatic cuts in government spending and a concomitant dialing down of the money machine.

The fourth one, and the best record of all governments, was that of the Diefenbaker government. It had a world record of keeping inflation down as low as 1.2 per cent because it did not have blank-cheque government. It did not encourage government empire building. What that means is that each cabinet minister was not handed a blank cheque just to go on to endless and uncontrolled spending.

Unfortunately, neither France nor the United States stuck to its guns against that old predilection of politicians to give social benefits without taxing. There are just two countries in the world today that have proper inflation rates.

I just want to go into the deficit a little further and into why we unfortunately have this borrowing bill here today. A deficit occurs when a government spends more money than it collects