

sighted political advantage, jeopardize the very foundations of our way of life.

For the benefit of hon. members who did not attend last Tuesday's meeting of the miscellaneous estimates committee, I point out that at that meeting the minister was pressed to explain why he has been making certain statements to the private sector in this country. He was asked why he had said at outside meetings that he is being out-voted in cabinet when he tries to restrain spending. In answer he said:

You know, Mr. Chairman, one of the first men I talked to after having been sworn into this portfolio was Dr. John Deutsch, then the principal of Queen's University and the former chairman of the Economic Council of Canada, a good friend of mine. He indicated, and it was not the first time I heard the view, that in democracies today there are no such things as economic cycles. There are political cycles, depending on the pressures of public policy and the spending on the parliamentary or congressional process at the time. Certainly we were under political imperatives where the pressures are stronger in a minority rather than a majority parliament. Those happen to be facts of life.

I asked the minister:  
You wanted to be re-elected.

The minister replied:  
Those happen to be the facts of life.

**Mr. Turner (Ottawa-Carleton):** Madam Speaker, I rise on a question of privilege. I do not think the hon. gentleman should quote selectively from the committee report. I ask him to read the entire report and he will get the sense of what I had in mind, because he is misinterpreting and deliberately putting another construction on what I said. I also ask him to indicate to the House where I have spoken publicly about alleged conflicts within the cabinet. The hon. member is playing a game, the game of selective citations and selective quotations.

**The Acting Speaker (Mrs. Morin):** Order, please. That is a point of debate.

**Mr. Stevens:** Madam Speaker, I was quoting directly from remarks as recorded in the *Minutes and Proceedings of Evidence* of the Standing Committee on Miscellaneous Estimates. The minister went on to say, as recorded in the *Minutes and Proceedings of Evidence*:

The parliamentary structure at the time reflects it, the types of expenditures that were approved.

Putting it simply, the Minister of Finance says that political expediency takes precedence over economic responsibility.

**Some hon. Members:** Shame.

**An hon. Member:** Nonsense.

**Mr. Stevens:** Perhaps the minister will set the record straight and tell us why we are in our present economic plight. The fact is that the government, in its lust to retain power, jeopardized the very economic foundations of the nation. Surely the minister must ask himself why he has done so poorly, during his years in office, in coping with his colleagues compared with his predecessor in office, Mr. Benson. For example, the minister will, in the period 1972 to 1976 allow government spending to double from \$17.7 billion to \$34.9 billion. I say this on the basis of the

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minister's own budgetary statements. Government spending will be twice as great as that at the end of the previous four years, four years in which the much criticized Mr. Benson at least held government spending increases to half their present rate in percentage terms. How can the minister live with his colleagues in cabinet?

The Minister of Finance indicated that government expenditures, on a national accounts basis, would rise from \$23.7 billion in the fiscal year 1974 to \$34.9 billion in 1976. That rise in spending represents an increase of \$11.2 billion in two years, or 47 per cent. That \$11.2 billion increase almost equals the total average budget brought down by Mr. Benson. Let us not stop there: let us compare the record of both ministers of finance. When Mr. Benson left office he had succeeded in reducing the rise in the cost of living in this country to 2.9 per cent per year. The average rate of increase for three years had been 3.6 per cent per year. The rate of increase under the present minister has never been below 4.8 per cent and the average for his three years in office is 7.8 per cent—nearly 8 per cent.

As well, the unemployment rate has been higher, on average, in the past three years than in the previous three years. Our current account trade balance has shifted from a three-year average surplus of \$165 million under Mr. Benson to a three-year average deficit of over \$1 billion under the present minister. At the same time, real economic growth in the country has not changed significantly. Think of the handicap we are working under. Real growth under the régimes of both ministers of finance has been relatively the same if taken on a per annum basis. But, today we face the impossible situation of high unemployment, high inflation rates and a deteriorating trade balance. I suggest that these conditions have been aggravated by a government which has lost control of its spending perspective, has artificially stimulated the money supply in this country by over 20 per cent per year, and has through indecisive leadership so confused the business community that they no longer have confidence to commit funds to long-term investment.

Having created this climate, having tolerated an inflation rate of 30 per cent in the past three years, compared with one of 11.5 per cent in the previous three years, the Minister of Finance should not now be turning to labour and criticizing the working-man, who naturally is trying to protect himself from the ravages caused in part by this government. I suggest that if the government restrained their own spending and their demands on the economy, the private sector would look after itself and the Minister of Finance would not have to create a bogeyman to divert attention from the real problems in this country. The problem is that this government has acted irresponsibly in monetary, fiscal and economic field. We all know of speeches which the Minister of Finance has delivered to labour union leaders, in which he has chastised them and said, "Hold your wage demands down." Surely it would have been much more fair for the Minister of Finance to have gone to those labour leaders, laid his cards on the table and said, "Sorry, fellows. In order to keep power and win re-election we tampered with the economy. We over-inflated money. We spent too much. We caused inflation and we hope you will understand." That would be an honest presentation if the Minister of Finance would make it. Instead, the problem having been created, he goes to