

ment because the government cannot put policies in place to create sustained employment. He might have added that the government cannot meet its housing goals, so those who are able to buy a house will pay higher prices and higher mortgage rates. That is the effect of the budget. We are going to pay more to heat our homes and to drive our cars because the government needs more revenue to finance the 8 per cent or 9 per cent unemployment which, it is forecasted, will occur this year. The government needs \$3,750,000,000 to finance that unemployment.

Instead of the drivel he delivered on television to the people of Ontario about an energy shortage which they may face in five or ten years, the minister could have said that he and his cabinet colleagues cannot make up their minds about the ground rules for exploration above the 60th parallel and they will not face the facts of life as a government about oil and gas off Labrador with the province of Newfoundland, so everyone will pay more for gasoline all across Canada. He could have explained that, because the government cannot make up its mind about the resources off the east coast, it will let the other nations of the world deplete our fishing grounds and they do not have a sufficient patrol presence to do anything but take pictures in daylight hours.

He could have explained why we are selling nuclear reactors to Argentina and South Korea at special low interest rates so they can meet their energy needs. Why he could not conceive of putting those reactors in the Maritimes to ease the energy needs there is beyond me. It is something that I will never understand, why we pour millions of dollars into the underdeveloped nations and ignore the underdeveloped regions of Canada. Some explanation from the minister would be welcome.

Between budgets the minister has played probably the cruelest game of all, because in fact he gave the impression that something would be done about inflation. The government had a contingency plan; we were told time and time again that it had such a contingency plan, but as the budget was presented it became evident that no action to contain inflation or to break the inflationary expectations would be taken. Each budget was weaker and weaker, until the sorry mess was created with which we were presented on Monday evening.

In the weeks leading up to the various budgets the minister had hard questions put to him, and we got the usual replies from him that we would have to wait until the budget to get the answers to our questions. After the budget we were treated with replies which said, "We will have to let the budget work to see the effect it will have on the economy". In fact you can place numbers beside the pat answers the Minister of Finance gives to questions on the economy and on inflation, and you can predict the answers he will give with unbelievable accuracy.

The consensus the minister was trying to achieve was doomed from the start. The lack of firm action from the government to break inflationary expectations has given credence to some of the demands of labour on industry. The wage scales in our industry as compared to the wage scales of our competitors are putting us in a very uncompetitive position.

The increase in UIC contributions and the 10 cents excise tax on gasoline will make it extremely difficult for

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industry to settle wage demands in the months ahead. The other evening I spoke to some people at STELCO who are in the process of negotiating, and they are very disturbed about the contents of the budget. Other colleagues of mine have spoken and will be speaking on the lack of adequate housing provisions in the budget and the copping out on medicare.

Prior to the budget last Monday the message I received from people to whom I spoke about the economy was "for God's sake do something about inflation". For the minister to imply that the people of this country would not accept strong, meaningful action to contain inflation and to break the inflationary expectations indicates to me that he and his advisers are far removed and insulated from the economic realities of life in Canada. It shows in fact that the government is leaderless and afraid to act.

I know there are other speakers who want to speak before five o'clock, so I will conclude my remarks by merely saying that it was a sorry, dismal budget and I think it was unworthy of the hon. gentleman. As was stated in the *Globe and Mail*, it was a budget without courage and sometimes with cruelty. Let me be a little more basic and say that it was a gutless budget from a gutless government, and I cannot support it.

Mr. Ian Watson (Laprairie): Mr. Speaker, I am very happy this afternoon to be able to take part in this debate. I think we all realize that this budget is not necessarily a popular budget, but that does not mean that it is not a reasonable and sensible budget. I feel it is, and I believe that once it is fully explained the Canadian public will agree that it is a sensible and reasonable budget under the circumstances which face Canada right now.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Baker (Grenville-Carleton): Give them more credit than that.

Mr. Watson: I suppose that most of us are receiving criticism about one measure in particular, namely, the excise tax on gasoline. It seems clear, and I think the public is becoming aware of it now, that when we were obliged to do this, it was not solely for conservation but for the purpose of subsidizing one area of the economy. For example, we are subsidizing by this 10 cents excise tax the people who are using heating oil. We decided that this was a necessary measure, and if we are going to encourage auto owners to use smaller cars, to make fewer non-essential trips, and to conserve energy, then this is one of the steps that must be taken.

The Canadian public has to know that we were faced in these circumstances with a situation where, for quite a number of months when the world oil price rose, we were able to pay for the million or so barrels of oil we import daily from Venezuela and the Arabian countries, by charging the amount we were paying extra for these imports to the Americans in the form of an export surcharge. But in the last few months our oil exports to the Americans have decreased. The result is that we have been running an increasingly large deficit in this subsidy from which almost everyone in Canada benefits, certainly everyone in