

*Cost of Living*

**Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain):** Mr. Speaker, every so often each of us in the House of Commons feels a special sense of responsibility to this institution and to the country. I want to make my opening words tonight ones of appreciation to the hon. member for Don Valley (Mr. Gillies) who in his quiet, sincere way and with that deep knowledge he has of these matters presented a case in the form of a series of questions to the government that I think moved us all. I think the Minister of Finance (Mr. Turner) and the Minister of Agriculture (Mr. Whelan) should be congratulated for listening carefully. I know that the remarks of the hon. member for Don Valley did make an impact.

I do not believe there is anyone in this House, or for that matter in any country in the world, who can claim to have a sure-fire answer to what ails western economies. All we do know is that the music is the same as it has been for two decades. I want to put on the record tonight the fact that the subject we are debating, in the serious mood that the House is in, is not new. The administration to which I belonged from 1957 to 1963 was just as deeply concerned about nagging unemployment as the present government should be, and as I am sure it is. We were so disturbed with the type of advice we were getting that we set up a royal commission now known as the Porter Royal Commission on Finance. That commission reported to the Government of Canada in the year 1964.

The message contained in the royal commission report—and in particular I commend chapter 20 to the Minister of Finance—is probably the worst indictment that a public investigating committee has ever laid at the door of public servants in any country. The indictment it laid at the door of the advisers to ministers of finance and government is that they ignored the knowledge that was available to advisers of government in the modern day. Yet since that report came down in 1964 I have been in this House and witnessed several ministers of finance destroyed because they took this same advice from these same advisers. In the speech on the baby budget of September, 1966, I said to the then minister of finance, "You have taken the advice of the same people who got us, and Walter Harris ahead of us." And I saw that minister destroyed. He now sits in the House as the Secretary of State for External Affairs (Mr. Sharp).

So in looking at the Minister of Finance tonight I do not do it with any type of personal animosity; I do it in this sense, that I see him sitting in a position where many a good man, many a great Canadian has been destroyed because of the inability of those who advise governments in Canada, and in other countries as well, to change the doctrine they learned many years ago and which is now obsolete.

I do not quarrel with the earnestness and sincerity of these people. I simply say that the evidence has been here for 25 years that this type of stop-go, stop-go monetary and fiscal policy is not only destroying this country's chance to grow and benefit from all we have got here, but is destroying other countries' chances as well. The Minister of Finance rose in this House today and asked these questions of the hon. member for Don Valley: What is the policy of the Progressive Conservative party? What is the alternative?

● (2200)

I am just going to suggest, Mr. Speaker, that since January on several occasions I have heard our leader, the Leader of the Official Opposition (Mr. Stanfield), lay down his principles, his philosophy, in favour of potential budgeting. I would point out to the Minister of Finance (Mr. Turner) that this philosophy of potential budgeting has been ignored, laughed at and scoffed by every adviser to every minister of finance that we have had in this country for the last 20 years. The predecessor to the present minister, Mr. Benson, saw fit to scoff at it on national television, just mouthing the words of his advisers.

In simple English, the theory of potential budgeting is to give every man who wants to work a chance to work and every factory that has the capacity, the chance to produce. Because of the failure of the advisers to the government to look at this theory, Canadians have not had a fair shake in getting the advantage of its potential. I am not here to try to enunciate the details of the various theories available to the government but I want to cover some of the salient points.

First of all, there is a precedent for the use of potential budgeting and that is the budget of the United States in 1964. The story of the successes and failures of the policy is available in written form, but no serious effort has been made in Canada to study this approach or try it because those who run this country do not sit in this House. They sit in the advisory seats in the Department of Finance and the Bank of Canada. Until the minister acts with the power that the people of this country gave him to speak for them and give leadership, we will never have a chance to look at that theory.

The second point I want to make, Mr. Speaker, is that over the last seven or eight years in this and other countries a tremendous pressure has been building up from a type of inflation that was not even heard of in the days of Lord Keynes, he who guides the minds of those who guide the minister. I am referring to what is technically called cost-push, the cost-push of ever-rising government taxes. Just a decade ago the cost of running the federal government borne by the people of Canada was \$5 billion per year and now it is \$20 billion, increased four times in less than a decade. Interest rates have been discussed enough and are a cost-push. In our day we had a money supply of about \$11 billion to \$13 billion that our masters allowed us; now we have \$48 billion, again over four times as much. I could go through all those cost-push forces leading to big unions, leading big business to join with big industry to get their share. As every member of every party in this House knows, the burden of this has fallen on those who do not belong to big government, big business or big labour.

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

**Mr. Hamilton (Qu'Appelle-Moose Mountain):** I think everyone agrees with the remarks made today by the hon. member for Oshawa-Whitby (Mr. Broadbent) and the hon. member for Greenwood (Mr. Brewin). Every member of the House can support those views. Housing has been made the tool of policy in the Department of Finance in the last 20 years, a stop and go policy. All the young