

in a debate with students in England. But the fact is that there is a marketplace and that it is an essential utility if we understand that it is there for a purpose. But when any government, year after year, distorts that marketplace by inflation, you do not get the utility out of the marketplace that you should get. This leads to waste and lack of productivity. It also does something else which I know every member in this House is concerned about: it leads to terrible waste in human resources. We have an unemployment rate which is serious.

Given the advantages that this land possesses, and there is no one in the House who would disagree with me in that, and in saying that I am not being pejorative but I am trying to speak about problems which we should try to solve together, the Minister of Finance for several years put forward an argument which caught the fancy of many people. He said that the problem of inflation existed because there was too much demand and not enough productivity. That can be a cause of inflation. But if you are increasing the money supply constantly beyond productivity, it does not matter how hard you work on the production side, you can never meet the demand that is created by the excessive production of money. These are truths which lie hidden behind the walls of Academe. These are self-evident truths, but I come back to what I said some time ago, and that is that collectively we have not been paying attention.

● (1510)

We can talk about trying to have a consensus in this country so that we can meet these problems. I suggest, with great respect, that there is already a great consensus in this country, at least to the extent that most people do understand what the problems are. There would not be any difficulty in getting the average person to understand the problem of inflation. There would not be much of an argument in talking to the ordinary Canadian on the street about uncontrolled government spending. There would be no argument from anyone about the concern about the automatic, ever-increasing size of government. There would also be very few arguments today about the fact that some wage demands seem to be completely disproportionate to reality. There would be no argument, from those people who understand how an economy really works, as to the necessity to produce real wealth or else there cannot be a greater share for anyone.

Those are things upon which I suggest there is a consensus. What obligation does that put upon us? Surely it puts upon us the obligation to recognize that the public is not nearly as ingenuous, naïve or uncaring as perhaps we sometimes think. Perhaps it puts an obligation on us to recognize that the Canadian people do appreciate and understand the difficulties facing this country.

Most Canadians have an immense amount of common sense. We say over and over again that the route we have followed has been pressed upon us by the demands of the electorate. I suggest that that is only partially true, and in many cases not very true at all, because it is not very often that the man in the street suddenly decides to develop a Petro-Can. These ideas emanate from the administration, from the minds of politicians and from the cabinet rooms of not just the federal government but of governments across this country. Many of these schemes to which we

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have become committed may be good things in themselves, but in the total picture they are not justified because we do not have the productivity to justify them. They are not the result of public demand, but of politicians asking themselves what to do next to keep the public happy.

Surely it is time that all of us in this House recognized that it is a grim reality that we cannot live beyond our means and that there must be discipline in what we do in economic affairs, because if there is not, we will not meet the fundamental social needs of this country in the coming years. It is not because we do not want to meet the fundamental social needs that I say we must exercise discipline, care, prudence and thrift; it is because we have to meet those social needs. That is what ultimately determines the quality of Canadian life. There has not been much said about that so far in this debate.

I wish to draw to the attention of all hon. members the fact that unless we come to grips with reality, and unless we come down with the next budget showing a direction and a long-term process of changing to adapt back to reality, we will be listening here time after time—and it will not matter which government—to governments defending unpopular budgets which do not solve the problems, and the opposition and the critics in the country hurling invective at the government for not being able to do it. The problem we have cannot be solved with a short-term palliative, and it does not matter what sort of financial genius exists.

Essentially I say to my hon. friends opposite that I recognize that it is embarrassing and frustrating for the government to have to be in the position of defending this budget. It is embarrassing and frustrating for the Government of Canada to have to be criticized by the economists of this country, who say that perhaps the government should not have brought in the budget at all, but in view of the fact that it had so few options the budget is not so bad because it really did not do very much.

Those are the facts, and I think I have an obligation to say, because I think most of us believe it, that in the long run we have to be much more sensible than we have been in the past or we will be back here time after time defending budgets which really do not accomplish anything.

Someone said not too long ago that the problem was that governments are pulling levers which are not connected to anything. There is a lot of truth in that when it comes to trying to use budgets every few months to try to meet short-term problems without being able to come to grips with the long-term problems. The Minister of State for Urban Affairs (Mr. Danson) today in his speech on housing was saying very clearly that it is very difficult to have a long-term plan.

The hon. member for Glengary-Prescott-Russell said he was going to give us his two cents worth this afternoon, and I suggest he give it to the Minister of State for Urban Affairs because he needs every penny he can get. Everyone in this chamber knows that \$200 million is better than nothing and that it is a lot of money, but it will not be sufficient to meet the real needs. The hon. member for