

Oral Questions

money supply, and he is within the limit that he set for himself.

INCREASING FINANCIAL DEFICITS—GOVERNMENT STEPS TO PROVIDE ECONOMIC STIMULUS

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I have a supplementary question for the Minister of Finance. The document which the minister tabled recently indicates that he will be calling for continued restraint on government spending at all levels. At the same time, it indicates that government deficits will continue to provide a strong stimulus to economic activity until 1981. There seems to be a conflict here. Can the minister advise how governments, including this one, expect to carry on with this greater deficit if they exercise restraint on not only their programs but on the tax intake?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, unfortunately, I was arguing across the floor with the previous questioner, so I would ask the hon. member to repeat the question.

Mr. Alexander: Mr. Speaker, it is a simple question. The paper that was filed by the minister in the past day or so calls for continued restraint on government spending at all levels. At the same time, however, government deficits are projected to continue to provide a strong stimulus to economic activity between now and 1981. How will governments, including this one, finance greater deficits if they exercise such restraint and, presumably, exercise restraint on the amount of taxes taken in?

Mr. Chrétien: Mr. Speaker, we have said we are running a high deficit, and we are not planning to have a higher deficit this year. I said earlier that we face a particular problem next year because of the interest we will have to pay on certain bond issues which were circulated in 1969. The cash requirement will be that much greater next year. We are trying to keep expenditures within the growth of the GNP. I hope every member of the House realizes we managed to do that in the last two years, and we will do it next year as well.

Mr. Alexander: A final supplementary question, Mr. Speaker. It appears to me that the provinces are very concerned about having continuing and even higher deficits, because this will affect their prime ratings in money markets in the United States. How can the minister put this particular situation before them, when it appears to me that the provinces will not agree to it?

Mr. Chrétien: Mr. Speaker, we have discussed this problem with the provinces. I think the cash requirements of the provinces are less, relatively speaking, than those of the federal government. I am very pleased to see the hon. member preoccupied with the size of the deficit, because yesterday his leader proposed that we increase it by \$2 billion.

Mr. Clark: Another half-truth.

[Mr. Chrétien.]

EXTERNAL AFFAIRS

REPORTED CONTRAVENTION OF OFFICIAL SECRETS ACT BY SOVIET NATIONALS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I direct a question to the Secretary of State for External Affairs. Would the minister confirm a news report that has just come over the wire, to the effect that 13 Soviet nationals have been found to be involved in inadmissible activities in Canada, in clear contravention of the Official Secrets Act and, if so, would the minister tell the House what, if any, action has been taken?

● (1422)

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I can confirm the general report as stated by the hon. member. I will be making a full statement on this matter at the appropriate time, as near to three o'clock as possible.

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POST OFFICE

REQUEST HOUSE COMMITTEE STUDY ADMINISTRATION OF DEPARTMENT AND POSSIBLE CONVERSION INTO CROWN CORPORATION

Hon. Martin O'Connell (Scarborough East): Mr. Speaker, my question is directed to the Postmaster General. First, I should like to congratulate the minister on his appointment to this important federal institution.

Some hon. Members: Hear, hear!

Mr. O'Connell: In view of the effectiveness of committees of the House in bringing about reform of other federal institutions experiencing grave difficulties, will the Postmaster General agree to establish a special committee of the House, in the session, to inquire into the postal service, into the administration of the Post Office, into labour management relations therein, and into the advisability of converting the Post Office into some form of Crown corporation?

[*Translation*]

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, I wish to thank my colleague from Scarborough East for his congratulations. Probably—

[*English*]

Mr. Baker (Grenville-Carleton): That is a really bad show: a fixed question right at the beginning of oral questions.

Mr. Lamontagne: Mr. Speaker, I wish to thank the hon. member for Scarborough East for his congratulations. They will probably be the last I shall receive in this House, I might as well enjoy it as long as it lasts.

I have said in public, on television and in other places, that I would be coming into this job with as open a mind as possible.