

*The Budget—Mr. Stanfield*

he chooses it as a forum for wounded cries of desperation for almost two hours. Surely the Prime Minister could muster a little more grace in accepting that the universe is unfolding as it should in so far as his government's continuation in office is concerned.

There sits a government, Mr. Speaker, whose essential message is that inflation is an international problem which somehow domestically falls under provincial and municipal jurisdiction. The message, of course, sir, is absurd. But, worse than that, it is a message of despair. It is a message which in itself only serves to heighten inflationary expectations in our country. If the government says that really nothing very much can be done, then those Canadians who have the muscle and resources to protect and to look after themselves will look after themselves, in the expectation that if they do not look after themselves nobody else will.

I have been speaking about the danger of this mounting inflationary psychology, these rising inflationary expectations and this vigilante attitude that has developed for more than a year. As far as this government is concerned, my warnings have fallen on very, very deaf ears. This situation which I warned about is clearly with us today, and each day it continues the problem will grow worse in magnitude and it will grow stronger roots.

Consider what has happened in the field of housing. Social priorities and human needs have gone out of the window as housing has become a more attractive market to deal in than the stock market for those with capital to invest. This is a sickening thing, sir, to have happen in our country and the responsibility for this sickness, which is growing to epidemic proportions, rests clearly with members of the government opposite.

Yesterday the Prime Minister, in his typically unassuming manner, outlined a number of measures that have been passed by parliament. He tried to create the impression that these measures were originated and bestowed upon the people by the Grits. This parliament did deal with that Grit innovation, indexing of personal income. You will recall, sir, that this proposal was first mentioned in the budget debate of May 1972, and it was condemned and rejected out of hand by the Minister of Finance—Supergrit himself!

The conversion followed the 1972 election results. We dealt in this parliament with those long-standing Grit proposals to cut personal income taxes and to increase old age pensions. In the 1972 election campaign the Minister of Finance, Supergrit, and the Prime Minister, Truegrit, both said that this was the prescription for bankruptcy.

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

**Mr. Stanfield:** I am glad to see the Secretary of State for External Affairs has returned to the House. There sits the minister, Mr. Speaker, who a few minutes ago was talking about my inconsistencies. The only thing you can say about the Grit behaviour during the 1972 campaign and afterwards is that it was consistently inconsistent. These cuts in income tax and the increase in old age pensions that we were asking for, as were the members of the New Democratic Party, were described by the Prime minister and the Minister of Finance as a prescription for bankruptcy. But, of course, their demonstration of political

[Mr. Stanfield.]

bankruptcy followed the 1972 election. These examples of conversion and the emergence of wonderful, new Grit policies after October 31, 1972, truly impressed them, Mr. Speaker. They are almost as impressive as they are cynical and incredible.

Surely it is a cynical and incredible stance that is taken by the government on inflation, as exhibited again in the budget. The Minister of Finance says it is an international phenomenon. Then, of course, he says we have to attack it by increasing domestic production in Canada. Surely if we can ease inflation in Canada by increasing production in Canada, the assumption is that we can fight inflation by increasing domestic supply. This assumes, therefore, that the problem is not simply one of uncontrollable international origin.

● (1620)

If the minister makes any sense at all in talking about the importance of increasing domestic production—and I agree it is important—there must be a significant domestic component in inflation in Canada which we are experiencing today. But the minister will not concede that. He wants to have both sides of this contradiction. Then he stresses the urgency of increasing domestic supply. He even stresses this in his budget. However, he proposes no measures to increase supply but, rather, produces measures which in their isolated effect might well have a harmful effect on supply and also drive prices and inflationary expectations even higher.

The minister did not produce a balanced budget. I thought that might have had some effect, psychologically, on the country, indicating that the government meant business. I was surprised, particularly after all the fun the government had about the size of the deficit we requested a year ago in terms of expansion, to see how far the minister was able to go in creating a budgetary deficit particularly as recently as the first quarter of this year, the last quarter of the fiscal year, of about \$1 billion. Not bad for a man who is trying to show restraint, Mr. Speaker.

Then, of course, he produced a budget which has very substantial increases in expenditures, again despite the manipulation of figures by the former minister of finance, so in effect what the Minister of Finance tells the provinces, the municipalities, the people in business and the working people in this country is simply, "Do what I say, but for God's sake don't do what I do."

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

**Mr. Stanfield:** I had hoped we might see another Grit policy in the indexing of Canada Savings Bonds, but instead the minister chose something rather different, a bonusing plan. The main purpose of that bonusing plan is to try to persuade people who now own Canada Savings Bonds to continue to hold onto them rather than turn them in. The main purpose behind this policy is to help the government, rather than the Canadian people. The minister is simply trying to make a virtue of necessity.

The program will be of some assistance, I think, although it will be limited by the fact that the bonus will be treated as a capital gain, but it really does not provide an effective means of saving for the ordinary, small saver