

failed to understand democracy, we shall have failed to understand the mood of our country, we shall have failed the people of Canada.

[Translation]

We must, Mr. Speaker, make the most of the opportunity to build a stronger country with a greater culture by having a truly bilingual government. Both here and abroad, Canada will be recognized as a country in the lead.

[English]

Let us, as Canadians, welcome change for the opportunities it provides. Let us build our country with a distinctively Canadian entrepreneurial spirit.

Some hon. Members: Hear, hear.

Hon. Hugh John Flemming (Carleton-Charlton): Mr. Speaker, before proceeding to make any remarks in connection with the budget I should like to congratulate the hon. gentleman who has just delivered his maiden speech in this chamber. I agreed so much with such a great deal of what he had to say that I thought he was perhaps sitting on the wrong side of the house.

I shall discuss the budget this afternoon under three general headings: the plight of the Canadian taxpayer, the plight of the Canadian government, and the plight of the provinces, with special emphasis on the Atlantic provinces and special attention to my own province of New Brunswick. At the outset I wish to make some comments on the minister's own speech and on the budget he presented, a budget which has been aptly referred to by my hon. friend from Edmonton West as a "chickens coming home to roost" budget. The minister mentioned in the course of his speech that economic conditions in Canada began to improve in 1961. In other words, he acknowledged that the previous government, the government led by the hon. member for Prince Albert (Mr. Diefenbaker), had brought the country out of the mess in which they found it in 1957. Here are the minister's words as reported on page 1678 of *Hansard*:

The Canadian economy continues the expansion which began in 1961, which ran to excess in 1965 and 1966, which slowed down in adjusting for these excesses in 1967, and which has accelerated moderately again this year.

The minister did not elaborate on his reference to excesses in 1965 or 1966, nor mention that he was a member of the government of Canada in those two years. Neither did he

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mention the fact that the government apparently made no attempt to set its financial house in order during those two years so as to prevent those runaway excesses. He did not tell us about the sixty days of decision subsequent to the 1963 election which turned out to be sixty days of blundering. And now, after more than five years of blundering, the minister reported to this house in his speech on October 22, under the heading "Resisting Inflation":

It makes people, and the institutions through which they invest their money, increasingly reluctant to lend money except at high interest rates and in decreasing amounts.

In other words, you cannot have as much and you have to pay more. This is the result of the excesses. This is chickens coming home to roost with a vengeance, and without mercy. The people concerned are the ordinary people who buy the necessities of life. There is no other classification for it than to call it financial stupidity.

I acknowledge I may properly be asked this question at this moment: What should the government have done? During the years 1965 and 1966 when the economists reported extraordinary economic activity, government spending should have been reduced, by elimination in some instances, by postponement in others, by phasing out in others, so as to keep the economic temperature at the right level instead of contributing to heating it up to such a level that prices skyrocketed and the cost of living soared to an unparalleled degree. That is what happened under a government of which the present Minister of Finance (Mr. Benson) was a member, a government of which the Prime Minister (Mr. Trudeau) was a member. Instead of acting as I have suggested they went on a spending spree. They competed with private business for management, for labour, for materials growing ever scarcer, for money in the financial markets.

Now, according to the Minister of Finance, the spree is over. But the after-effects are still with us. The hangover is with us and the headaches are being suffered by all the people of Canada. As I say, the Minister of Finance did not mention the cause of the present situation. For the appropriate adjective I quote the *Winnipeg Free Press*, which called it a dismal mess. Before leaving the subject of inflation—and nothing could be more important, since it accelerates and pyramids the cost of living of everyone in this country—I want the house to realize that the end is not yet. In support of this statement I