

*Economic Policies*

repercussions which emanated from the Minister of National Health and Welfare (Miss Bégin) when in campaign against provincial governments and, in defence of the federal government she criticized the health programs of virtually every province in Canada after she had tried to cut the purse strings before they left Ottawa? That is the policy which this government is again projecting. It will reduce the grants to the provinces in one way or another. There is no question but that those programs in those provinces will suffer.

One provincial minister of health in Canada has said that there is no way that progressive policies which have been adopted historically can be followed. He says that they may be able to maintain the present medicare program and the present hospital program. He says that they have been trying to supply auxiliary services which have been expanding on a regular basis, but if there is a cut in the federal funds awarded for health to the provinces then that will be the end of the progressive programs of which he has been so proud. We will come to the position where we shall tax the provinces, if there is to be any progression in health. And so it goes throughout the provincial programs which have been so dependent upon the largesse of the Liberal government in Ottawa, which largesse is apparently shrinking today.

I was rather amused when the Minister of Finance said that he spoke to businessmen before handing down his budget. I wonder how many of them have given him the privilege of an address since he handed down his budget. His performance has certainly not pleased the business community. It has not pleased consumers. It has not pleased the manufacturers or the wholesalers' associations, or any other group. I wish I had time to give the minister some quotes to support this. Even that loyal paper, *The Toronto Star*, had a recent item on February 12 condemning the policies of the government in respect of its application of interest rates and the cost of doing business. The minister does not want a Draconian policy, but he is forcing one upon the provinces of Canada. Indeed, the provinces will take the blame and not the federal government, if there is any way that it can be transferred by the Liberal government to them.

We have conducted ourselves in a fashion which is very comparable to the German fiasco of inflation immediately after World War I. I challenge you who support this government to read the various steps which took place, and to compare the identical cash flow situation in Germany after World War I with the cash flow situation which we have here today. Yes, we have a favourable trade balance. No, we do not have a favourable balance of payments cash flow in this country. What is worse is that we must depend upon foreign sources for our borrowings and unless our exports go up immensely and our imports go down drastically then our cash flow, our balance of payments, will get worse, as it did in Germany after World War I.

The reasons are different. The reason over there was that they had payments to make as reparations to those countries which were victorious in that war. Our reasons are that we are spending in excess of our means. We are sending money out of

this country in the form of interest and in other forms of cash flow, such as loans to other countries at no reasonable interest rate. We are not aware of just what the consequences of the unfavourable balance will be in the towers of Ottawa, as we build it and continue to build it by further deficit financing and further borrowing abroad.

There are those who have said of inflation that it just is possible that once it has reached the double-digit stage it is irreversible and that there is not the will of government. That is what the Minister of Finance said today. He said he does not have the will or the political courage. He said that he does not have the courage to apply to Canada those economic measures which could, in fact, reverse the inflationary tendencies which are so devastating to the total welfare of our economy.

I think you would find that at the moment, Mr. Speaker, we are resorting to any means possible. We are borrowing. We are giving the Canadian people a mild sedative to ease the pain for the short term. I want to tell you, Mr. Speaker, that the delusions of the opiate are there ahead of us in the long term, if we do not resort to a responsible position.

Let us take a look at a few of the little things that happened in 1980 versus the things which the minister was talking about today with respect to employment. According to statistics, the rate of job creation under this government is one half of that achieved by the previous government in its short term in office. We can take those months and compare them. But there is something even worse than that. The rate of employment in the private sector is only one quarter today of that of 1980. The real job creation has taken place in the public sector, at public expense—at taxpayers' expense. That is where the job creation has taken place. The minister smiles, but he is fully aware of that.

The rate of employment in the public sector has gone up 12 times in 1981, or since February of 1980 until today. So it is easy, as long as the taxpayers will pay the bill, to have job creation at public expense. But it is more challenging and beyond the scope of the imagination of this government to create an economic atmosphere in which employment will take place in the private sector.

The minister referred today to the psychology of inflation, those things that people anticipate and want. He has not referred to the government policy which might in any way deflate those inflationary expectations. He says he is going to turn the screws, but not on himself, rather on the provinces.

The two problems of productivity and inflation to which he has referred are real. I share his concern about the existence of both. I submit to you, Mr. Speaker, that as long as interest rates are as high in this country as they are, any small businessman—and small business employs about 60 per cent of all Canadians—is very hard-pressed to see the logic. To obtain a more productive plan, when the interest rate at this moment in time will cost more than the savings in higher productivity, is self-defeating. The only way we will achieve higher productivity is when the incentive for it is there in earnings for the labourer and in earnings for the employer. Both are absolutely