

*The Address—Mr. Evans*

Such fundamental changes in our economic order require extensive industrial adaptation and equally extensive revisions in the expectations and behaviour of Canadians. Neither can be accomplished quickly, nor can they be accomplished simply and easily. However, with determined policy and political resolve, they can be accomplished.

● (1440)

In this regard, consider the economic policies of our government. On the fiscal front, there is a clear recognition of the need for sustained restraint in government expenditure and for the reduction of the federal deficit. Our commitment in these areas is clear. However, it must be recognized that changes in the fiscal posture of the federal government can only be brought about with care and caution if major economic dislocations and great individual suffering are to be avoided.

A government simply cannot make a blind assault on the deficit, for example, without precipitating serious economic consequences in the form of higher unemployment and reduced economic growth. Therefore, a program of reasoned transition must be implemented, and this is precisely what the Prime Minister has promised.

The program of restraint in government expenditures begun in 1976 will continue, as will the re-examination and reordering of both direct and tax expenditure priorities. Incentives will be provided to encourage private initiative and to raise the level of Canadian participation in our economic affairs. Our goal is to create an environment in which Canadians are strongly encouraged to commit themselves and their resources to the future of Canada. Yet selective programs of assistance must and will be brought forward to help those who are in greatest need.

These important fiscal commitments are clear in the Speech from the Throne. But, Mr. Speaker, of equal importance are the commitments with regard to monetary policy and the reduction of inflation. Inflation is the number one enemy of economic order and stability. It creates serious uncertainty and social unrest, and sharply curtails investment, growth and job creation. The conquest of this most debilitating economic sickness must be and is being given top priority in the formulation of this government's monetary policy.

But once again, inflationary forces built up over the years cannot be reversed overnight. Public expectations and behaviour patterns are slow to change, and they will not change if government policy is erratic and haphazard. The Bank of Canada has embarked on a long-term policy to restore stability to the price level. I believe it is the correct policy, and that with perseverance and patience it will succeed.

But the road is not easy. We have faced, and are facing, serious external pressures which dramatically increase the prices of imported goods and services such as oil, food and manufactured products. The steady reduction in the growth rate of the money supply, both here and in the United States, has led to rapid increases in interest rates.

Some believe that these effects can be avoided, that inflation can be beaten by imposing limits on wages and prices and that

interest rates can be set by decree. I suggest, Mr. Speaker, that such beliefs are misguided and are a product of shallow thinking; both are examples of policies which attack the symptoms and not the causes of our problems. While wage and price controls may temporarily assist in breaking the inflationary psychology, they are not and cannot be a permanent solution. Likewise, interest rate ceilings only lead to a situation where no money is available to be borrowed.

No, Mr. Speaker, quick and simple solutions are inappropriate to problems which are deep and complex. What is required is what is being done—the conduct of sound, balanced policies aimed at the fundamental causes of the problem. In the case of inflation, the cause is excessive monetary expansion and this is precisely what the government's policy is designed to curtail.

In combination, the government's commitments to fiscal and monetary responsibility, implemented in a balanced way, will lead to a stable economic environment in which we enjoy moderate inflation, sound prospects for economic growth and reduced unemployment. As I have said, these results will not be achieved tomorrow or the day after, but with continued resolve and determination they will be achieved to the benefit of all Canadians.

I would now like to turn my attention to the issue of national renewal, an issue which I, as many others, consider to be fundamental to the future of Canada and at least as important as the economic issues previously mentioned.

As we enter the 1980s we, as parliamentarians, face inordinate challenges as the very essence of Canada is under serious stress. As was mentioned in the Speech from the Throne, in every part of Canada there are forces driving us apart rather than bringing us together. Yet I am encouraged by the Prime Minister's strong belief in the "opportunity" available to Canadians despite this domestic turbulence. I am excited by the Prime Minister's vision of Canada as a united whole as opposed to a conglomerate of fractional parts or a "community of communities". This integrative view, this vision of Canada, will be instrumental in restoring confidence among Canadians. It will be instrumental in renewing the national will.

When the Prime Minister stated in his speech on leader's day that the enemy is within, he was so right. The threat to Canada is not the aspirations of people in a province who share common attributes; the threat to Canada is regionalism. It is the divisive parochialism that pits one group of Canadians against others, that causes one group of Canadians to, as the Prime Minister put it, close the doors on other Canadians, to raise barriers to the flow of capital, labour, goods or ideas from one province to another.

From another perspective, the threat to Canada is a growing feeling of inwardness which is leading, as the right hon. Leader of the Opposition (Mr. Clark) stated, to a "growing doubt about our ability to act as one strong nation".

We know the disastrous effects of rampant protectionism on the international scene—all nations are made worse off. Why, we must ask ourselves, is there any reason to expect the result to be different when such foolishness is perpetrated by prov-