

Hon. members opposite talk about inflation and the fact that inflation makes life extremely difficult for low and middle-income Canadians. I offer hon. members a chance to look at the Economic Council document entitled "The Inflation Dilemma", and find out precisely who is hardest hit by inflation. The Economic Council of Canada suggests that low-income earners coped best with the inflationary problems from 1969 to 1975. This is the last comprehensive study on the impact of inflation. Do hon. members opposite know why low-income Canadians coped best? It was because of government transfer programs which were brought in by the Liberal government to protect the very people hon. members opposite say we are squeezing.

**Mr. Huntington:** What about energy prices?

**Mr. Evans:** The hon. member talks about energy prices. How do energy prices affect Canadians? They affect Canadians through the effect they have on other prices. Of course, energy has a price of its own. All these prices are included in the consumer price index which is the base for the indexation of all the transfer programs about which we are talking.

The Economic Council has said that of all the groups the low income earners coped best with inflation. The next to the lowest income category coped second best with inflation. That was because of transfer programs. I will quote directly from this Economic Council document as follows:

Hence, changes in the benefit levels and availability of retirement pensions, social assistance, family allowance, unemployment insurance and farm income support programs were particularly important to these groups.

We can add to the list old age security and the guaranteed income supplement, which are indexed to take into account the fact that prices are rising. We can go further and ask about the Canada Assistance Plan. That plan is indirectly indexed as well because the level of federal contribution is tied to provincial contributions, which are indexed. As a result indexation covers the vast majority of low to middle-income Canadians.

**Mr. Kilgour:** They are doing wonderfully well.

**Mr. Evans:** The hon. member says they are doing wonderfully well. No, they are not doing wonderfully well. No one has said they are. We would love to see everyone doing much better, but the advice we are getting from the opposition is to bring down interest rates, to bring down inflation, to increase spending and to increase deficits all at the same time. That kind of advice will get no one anywhere.

**Mr. Wilson:** Is that the Evans curve?

**Mr. Evans:** It is called the Tory curve, and it is laughable.

**Mr. Kempling:** It is called b.s. too.

**Mr. Evans:** I personally feel—and I think this is shared by some of my colleagues opposite who keep civil tongues in their heads—that we must shift our priorities from greater and greater current consumption expenditures to greater and greater economic development and investment expenditures. I think the hon. member for Capilano would agree with me on

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at least that latter point. I think it is important that we realize that we cannot continue into the future to fight over what is bound to be the shrinking wealth base of this nation. We have to make sure that policies are in place so that that wealth base increases for all Canadians and so that all Canadians are able to become better off in the future.

I pointed out earlier that the budget was committed to just that kind of economic development. When we increase the economic development budget this year alone by 21 per cent and when we double energy and economic development expenditures, excluding out of that oil import compensation payments, to \$13 billion by 1983-84, we can see that there is a commitment there. It is a commitment to growth.

**Mr. Kilgour:** What about the deficit increase for next year, John, of \$3.5 billion?

**Mr. Evans:** The hon. member wants to talk about the deficit. If he wants to give me more time, I will tell him about the deficit. The hon. member for St. John's West (Mr. Crosbie) projected a budget deficit. Subsequent to that projection oil prices increased dramatically, which increased oil import compensation payments. Interest rates went up. That would have happened under his regime just as it is happening under this regime. Oil prices would have gone up under his regime the same as they have gone up under our regime.

**Some hon. Members:** Oh, oh!

**Mr. Evans:** Mr. Speaker, I refer to world oil prices. I refer to the oil which comes from offshore. There are these factors, plus the recession which is worse than what anticipated. Again, the recession would have been the same, and the hon. member has admitted that in the House several times. Those factors would have increased his deficit by a good \$2.5 billion to \$3 billion. Hon. members opposite talk about how they would have had a budget deficit of \$11.6 billion, but that is nonsense, and when the hon. member for St. John's West is pushed on it, he will admit it.

Yes, there is a serious situation, and we must come to grips with it. I believe the budget begins to do this, and I think this government, as we move further into the future, will take the actions necessary to achieve the things all of us want, namely, more growth, a higher standard of living and a better situation for all Canadians.

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

**Mr. Fred McCain (Carleton-Charlotte):** Mr. Speaker, the magic of modern economics has now been explained. The experts in Canada and those people who want to buy homes have been confounded.

When I was home last weekend I spoke with a young man who bought a home three years ago. He had to sell it because he moved from his prosperous community. He put money into a housing situation which the hon. member for Ottawa Centre (Mr. Evans) says is good. That young man, his wife and his child are out \$5,000 to \$10,000 which they worked hard to get. Does the hon. member stand behind that kind of interest