

*Supplementary Estimates*

Then, last June the government tried another method of fighting inflation. The Minister of Finance told us that the government plan consisted of slowing down construction over the next two years in the three most wealthy provinces, Ontario, Alberta and British Columbia, by withholding the 5 per cent capital cost allowance to builders in order to persuade them not to build for the next two years. The government forgot to take one important matter into consideration. The builders knew very well that building costs in Canada were going up at a rate of 12 per cent more per year. Through a very simple process of arithmetic they knew that if they put off building for two years and started again two years later it would cost them 24 per cent more to build the same building at that time than it would today. They decided this was not good business, that is to increase costs in two years by about 25 per cent in order to save 5 per cent for two years. So, the builders simply laughed at the government and went right on building. That program proved completely worthless.

The other program the Minister of Finance announced last June was equally ineffective. He told us on the night he presented his budget that the Kennedy Round tariff reductions, which were originally supposed to be spread over the next three years, would become effective that very night. He said this lowering of tariffs on a great number of items would increase competition in Canada and lower the price of goods, thereby slowing down the increase in the cost of living and the rapidly rising inflation.

Once again, the government forgot one very important factor. It did not have any way available to require importers to pass on the savings to the consumer. I refer to the savings resulting from removing the tariffs. So the importers did exactly what the builders did. They simply laughed at the government. They did not pass along the tariff reductions; prices did not come down, prices kept going up at an ever-increasing rate. Once again all importers, as has been the case in respect of the construction men, simply laughed at the government.

● (4:20 p.m.)

How do we account for the action of a government in passing a budget which contains a measure that any businessman, had he been consulted, could have told them would not work. By passing this budget, the government made itself a figure of fun. It has lost the respect of the business community of

Canada because when one mentions this government and its programs to businessmen, they either swear or laugh. Neither is good for the maintenance of the respect a government should receive from the people of the country. The people in the business community know this government is not a business government. One might ask why a government would pass a budget which contains these measures for fighting inflation which will prove to be absolutely worthless. Mr. Speaker, the answer is that this government is run by four men who, by no stretch of the imagination, are businessmen.

These four men are the Prime Minister (Mr. Trudeau), the Secretary of State (Mr. Pelletier), the Minister of Regional Economic Expansion (Mr. Marchand) and the Minister of Industry, Trade and Commerce (Mr. Pepin). These gentlemen are very nice men to meet and are charming men to whom to talk. In their own fields, I am sure they are very good and were very good before they entered government. Three were professors and one was a labour leader. I am sure they all did their jobs extremely well in the fields in which they were. But these men do not understand plain, ordinary business principles. These are the men who decide what the government is and is not to do. This is not done in an official way. This is the type of consultation that is carried on in any government by a group, usually of five, six or seven persons, which controls the government. These are the men in the government who quietly decide the direction in which the government is to move. This is not done officially. It is just one of the things that happen in every government.

These four men who run this government do not happen to be businessmen. They do not understand business practices. They have taken a completely impractical approach to the business affairs of this country. Most of the things a government has to deal with today are economic matters; yet, they are being dealt with by men who do not understand business and how it operates. So, the country is in a very serious situation. This is the situation which caused the present member for Trinity (Mr. Hellyer), the then deputy prime minister and a veteran of several governments, to resign his portfolio and become a private member. He simply could not stomach the impractical methods by which the government was operating. So, he stepped aside. Last fall, having had various failures on its hands and seeing the cost of living rise steadily at an ever-increasing rate