The government indicates that it can overcome the effects of inflation by indexing, and now everything is indexed. Pensions, tax exemptions and so on are being indexed, which may relieve some of the hurt but does not solve the problem. Once again we find that the government is not attacking the root problem but simply applies indexing.

● (1552)

I already mentioned increases in minimum wages and I will not go through that again, but the end result of all these gimmicks that the government uses, such as indexing and so on, is that nobody is better off. In fact, I remember in 1974 when we were campaigning on the basis of controls, of a freeze with a selective control period following, working people would say to me, "Yes, we should have some kind of controls because my wife has had to go out to work for the first time in our marriage", or something like that. I said, "You mean that prices are increasing faster than your wages". Of course that was the problem. Costs were increasing at a faster rate than wages, and that is still true, so people are falling behind.

Now the government says, "We will put pensions up". In the case of the minister, his pension is capped at 7 per cent, so that if the government cannot force inflation below 7 per cent, he will fall behind for sure. Old age pensioners will be indexed at the rate of increase in the CPI, so they should be keeping their relative position. But I have spoken to many of them and they tell me they are not keeping their relative position; they are falling behind also.

There are many things that pensioners have to buy that are not included in the CPI which establishes the rate of increase in old age pensions. I say that it all comes back to the fact that Canada is not competitive in world markets because we have not been creating an attractive climate for industry to want to stay in Canada. That has resulted in lower export sales, resulting in trade deficits which ultimately result in the lower value of the Canadian dollar.

Why is the climate unattractive for business? I should like to refer to an article in the *CA Magazine* issue of November, 1977 which tells us that companies in Canada are going bankrupt at the rate of about 100 a week. The figures they gave were as of August 18. They say there were 2,602 business failures across Canada in 1977. That is bad enough, but it is also a 29 per cent increase from the previous year. The rate of losses is also higher than ever before, with unpaid debts left by the 1977 bankruptcies totalling $409 million more in the first seven and a half months than was lost in all of 1974.

We can see the inhospitable climate created by the government for business when we look at the stock market columns, which people have traditionally followed when investing their money. The problem in stock markets now is that the result of deterioration of money values has caused serious changes in the trends in stock markets. For instance, an article in the *Globe and Mail* last week indicates that the Toronto Stock Exchange index of 300 stocks has gone up only 10 per cent in 20 months. That would be a bad indicator for the investment community itself, but furthermore these prices are measured in dollars which have lost one-third of their value during the last decade. They say that the Canadian dollar is well on the way to losing half its 1971 buying power by 1980. How can we expect business to conduct itself in the traditional ways and to provide traditional investment shelters and so on when the government makes it so difficult for them?

Farther on the article continues:

> The circumstances have inspired the Bank Credit Analyst to revive its thesis of the past ten years, that inflation of debt along with inflation of money and prices will eventually have to be liquidated by collapse into depression. Accordingly, this service, with roots in Canada, advises extreme caution in investment policy, with an eye to defence against disaster.

That writer is not the only one who has spotted the serious problem, and the flight of investment capital and expertise from Canada is surely an example of the lack of confidence felt by many of Canada's strongest and best entrepreneurs and developers, and I do not mean only land development but also development of a healthy business climate.

What we need is a return of confidence in the Government of Canada, and of course there is good reason for not having any in the group over there. Also what we need is a caring for Canada. There are many Canadians who care very much for their country and who are hanging on here at their own peril through the economic crisis into which this government is leading us. The action of a company such as Sun Life in proposing to move from Montreal to Toronto is simply another illustration of this feeling among Canadian businessmen that if the government makes it inhospitable for them to work or live in a certain area, then—at least so far in Canada—we still have the freedom to make a move to some other hospitable climate.

I think it is a very sad thing for Canada, as it is for Quebec, that a move such as Sun Life is proposing has had to be considered, but it certainly was not the fault of the Sun Life people or of the sun Life policyholders who will make the decision ultimately as to where the company can best operate. It was the fault of the government of that province which made it so difficult for a company like Sun Life to operate. It is not only company problems that are involved, it is people problems. Sun Life is run by employees, and employees do not want to live in a place where the government has taken away so much of their liberty.

I want to refer again to the *CA Magazine*, the monthly publication of the Institute of Chartered Accountants in Canada, which held its annual conference in 1977 in Bermuda. You might think that strange. It does not have anything to do with inflation but rather with the fact that Bermuda was chosen as the site of a meeting because it is part of the Canadian Institute. All other provinces have been the site of conferences of the Institute of Chartered Accountants, but that was the first time the conference was held in Bermuda.

The guest speaker at that conference was the new premier, the Hon. J. David Gibbons, who is also minister of finance of Bermuda. I thought his summary of his legislative intentions was very interesting, and I would like to read the following short paragraph. He said: