

dynamic duo. But in any event, they like the Alice in Wonderland approach that everyone can have a bigger slice of an ever-expanding pie and no one ever needs to worry about the long run and the future. That kind of pie in the sky approach does not get anyone anywhere, and it is not responsible. I happen to think that the NDP, because of its influence with big labour and the union movement, could really do this country a service by persuading them that they must show some leadership and responsibility to their own members, rather than inflaming them with rhetoric and stirring them up to storm the barricades, refusing to be responsible about fighting inflation like everyone else in this country. Will they do this? I hope they will, but I think I will be proven wrong. I think we will see the NDP fanning the flames—

**Mr. Huntington:** Crystal ball.

**Mr. Smith:** —of labour unrest, not trying to resolve the problem of inflation in this country but, rather, trying to make it worse.

Another aspect of our attack on inflation relates to limiting indexation for Canadians. First, the indexing factor in the income tax system will be limited to 6 per cent in the first 12 months and 5 per cent in the following year. Indexed pensions will be subject to the same ceiling for the next two years, 6 per cent and 5 per cent. If we are really serious, we must do it across the board. All Canadians must make some degree of sacrifice, some perhaps more than others. Those who have the ability to pay will have to make the greater sacrifice. I think all Canadians must seriously respond to this literally in a patriotic way. Therefore, family allowances and old age security payments will be subject to those same limitations. But, following the Liberal tradition, that will not apply to those on the guaranteed income supplement and also those receiving veterans pensions, as we all know. I think that is a reasonable and responsible saw-off in the sort of situation we are in right now.

**Mr. Munro (Esquimalt-Saanich):** You would!

**Mr. Smith:** Now they ask, "Who would?"

**Mr. Munro (Esquimalt-Saanich):** I said, "You would".

**Mr. Smith:** There is a typical example—

**Mr. Epp:** He said, "You would", not "Who would?"

**Mr. Smith:** Oh, I would. Earlier today we heard some objections from hon. members of the Tory party about this policy. I will not get into the question of intent, but I would suggest there was some misleading rhetoric as to old age pensions being cut, and that, of course, is complete, utter nonsense. That is an irresponsible approach because we all know, and anyone who looked at this very thoroughly knows, that old age pensions will continue to go up.

**Mr. Nickerson:** Now, now, tell the truth.

**Mr. Smith:** They will not go up at the rate they would otherwise, but they will continue to go up. We have heard speeches from the hon. member for York-Peel, who complains

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all the time about government spending, but when it comes to the question of what he would cut, we never hear about that. Oh, he is all for cutting government spending, but what will he cut? I would like him to spell that out because that is something he always leaves out in his speeches.

As another part of our attack on inflation, we are considering the entire question involving those areas of the economy in which administered prices fall under federal jurisdiction. Those agencies which regulate those goods and services in the fields of transportation, communications, etc. will adhere to those guidelines, except in the most exceptional circumstances. At the same time we have launched an all-out attack on inflation by setting a good example ourselves, I would suggest, throughout the public sector, and at the federal level we are also taking action to shore up investment and confidence in this country. That is very important. We want to see private investment in this country. This is a party which does believe in incentive and the work ethic.

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

**Mr. Smith:** We want to see people investing in this country and creating jobs. If one looks at page six of the minister's budget address, it really spells it out in no uncertain terms. First of all, we have the new form of term deposit whereby those who invest funds in it will not be taxed on that part of the interest above the rate of inflation. What is that all about? Then we have this point about Canadians investing funds and new plans for the purchase of common shares of Canadian corporations, and the impact on the part of the capital gains tax. That is a typical example of a party and a government which does want to stimulate investment in this country, which does believe in incentives and encouraging people to take risks, take a chance on Canada and invest their dollars out in the country.

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

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

**Mr. Smith:** Buyers of new homes will be able to secure mortgages at significantly reduced interest rates, from three to six percentage points lower than the prevailing rates. Small businesses, farmers and fishermen will be able to secure loans for new equipment and investment at similarly reduced interest rates. Canadian corporations will have improved access to risk capital. It is all there.

**Mr. Huntington:** Where?

**Mr. Smith:** I do not think the hon. member has read it. Well, I will tell him where it is. It is on page six of the minister's speech last night, right in the middle of the budget address. I can only conclude that they all had cotton batting in their ears last night, because, judging from their comments, they certainly were not listening.

This government has indicated flexibility and responsiveness by making some shifts to encourage investment in this country. That is all spelled out on the top of page seven of the minister's