

*Supply—Finance*

situation and he also referred with optimism to some of the bright spots which exist. I find no fault with this. It seems to me that it is proper for a minister to mix the good news with some which is perhaps not so good.

However, among other things he spoke about inflation with which is combined a factor of great importance to all Canadians, namely, the cost of living. The cost of living and inflation are of course combined and naturally they are of tremendous importance. Yesterday the minister warned us about inflation. I do not think we need any warning. We know something about inflation. Every one of us who goes with his wife to a supermarket these days will remember the time 12 months ago when he went to the same supermarket and got about twice as many groceries as he does today. We are very conscious, particularly when the wife steps back and lets us pay the bill, of the difference in the cost of living. It seems to me that we do not need any warning from the minister. He warned us on June 1 in his budget, he warned us on October 4, and he warned us again yesterday.

Let me remind the minister that in 1965 he and the government were warned about inflation in the report of the Economic Council of Canada. An editorial in today's *Gazette* quotes these words, pronounced in 1965, which are important enough to be repeated:

In our judgment, it is these factors of increased efficiency and better matching of supply and demand in the use of our productive resources that should be the areas of most immediate concern at this time for both private and public policies, if our employment and growth goals are not to be endangered by spreading inflationary patches in the economy.

These are rather grandiose words but what they mean in effect is, "you'd better watch out for inflation". I submit that in 1965 the minister and the government were warned, if they needed any warning, of what was coming. So far as inflation is concerned, I think they should have examined the part which the private sector in Canada was willing to play in general capital spending. They should have examined the amount which the private sector was willing to pay and so far as public spending was concerned they should have backed away from it. But they did not, although I am inclined to think that the Minister was anxious enough to do so but that probably he was overruled by 26 or 27 other people. I say to the Minister of Labour that I am inclined to believe that, although I have no way of knowing it. I have an idea that the

minister did spread that doctrine but all to no avail. It did not make any difference.

The government faced the economy not only with undiminished expenditures but with everything that they could borrow up to the extent of three-quarters of a billion dollars of deficit financing. That should never have been done in those years. One does not indulge in deficit financing in years of affluence. Surely everyone who has any knowledge of business, whether large or small, will agree with that. But the government went merrily on their way and paid no attention.

So now we come to the year 1968. The government competed for goods, for labour and for all the things which created expansion, and now it finds itself in trouble. That is the reason we had to listen to the type of speech which the Minister of Finance gave us yesterday. We do not need any warning from the minister. We really have nothing much to say about government spending. We just receive the proposals of the government which asks us to agree or not, as the case may be. I submit that the problem of inflation is right on the doorstep of the government and that it is more responsible for it than any other body of people.

● (4:00 p.m.)

What does the minister propose as a remedy? He is going to set up a board of review in connection with wages and prices. As has been said by the hon. member for Burnaby-Coquitlam, as far as we know this body will have no authority whatsoever. I submit that at the present time, rather than going into the question of where we can get extra tax revenue, every department should have its estimates handed back and should be told that the government wants such and such a percentage cut off these estimates. Then the department could establish its own priorities. What would a board know about the top priorities in the Department of Labour, for instance? How would they find out? They would have to find out from the minister or his officials. I do not believe the government has even scratched the surface so far as the possibilities for reduction of expenditures are concerned. There are the statutory amounts which must be paid such as welfare payments and that sort of thing. But it seems to me the government is grappling with the problem of inflation in the wrong way. Not enough attention is being paid to the reduction of expenditures and the elimination of waste and extravagance. These are the things I believe