

exist in western Canada and I doubt if it exists in the maritime provinces—believes in over-all price and wage controls. They intend to apply them if they come to power. However, they are faced with such unalterable opposition within their own party that they suspect what is true, that if they were to reveal the intention of the Conservative government to impose over-all price and wage controls, to freeze prices for 90 days and wages for 90 days, the country would reject them; they would not elect a single member from here, east and west.

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

**Mr. Sharp:** The public would accept the analysis the Prime Minister made yesterday, that wages would be frozen at low levels and prices at high levels. At the recent Tory convention, all of us observed the problem of price and wage controls coming up, when it was decided to sweep the subject under the carpet in order not to make it too obvious and to keep the appearance of unity even though the party is deeply divided on this issue.

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

**Mr. Sharp:** I would draw the attention of the House not only to the divisions within the federal part of the party, but let me read what the Premier of Alberta said on this issue. He said that the federal party's demands for wage and price controls to combat inflation would hurt pensioners and people on fixed incomes. The implication is that Mr. Lougheed would prefer the party to campaign on some other basis. So now they retreat to that vague generality, an incomes policy. I challenge the Leader of the Opposition in the speech he will be making, I am sure, after I sit down to define his position in terms which can be understood provided, of course, that he understands the advice he has received from the hon. member for Don Valley.

Now let me state the position of the government on this issue so there is no reason for any doubt as to where we stand. We are opposed to the application of over-all price and wage controls to combat the kind of inflation from which the world and this country are now suffering. In our view, the system would not work. It would produce serious social unrest since it could not be applied fairly, across the board. There would be shortages and it would soon be abandoned, leaving the situation worse than it was before the program was introduced.

**Mr. Gillies:** Where else in the world is there 11 per cent inflation?

**Mr. Sharp:** I come to the other aspect of the criticism of the Tory Party on the budget, its position on fiscal and monetary policy. Let me review briefly the stand of the Tory Party on this issue since this parliament was elected 18 months ago. I go back to November 20, 1972, when the hon. member for Don Valley was speaking to the Empire Club of Toronto. He maintained that both fiscal and monetary policy should be highly expansionary. During the budget debate on February 23, 1973, the Leader of the Opposition declared:

This budget is not an expansionary budget, much less a visionary one . . . It is a fiction for the Minister of Finance to say that this is an expansionary budget that will generate the jobs needed to substantially cut into unemployment.

#### *The Budget—Mr. Sharp*

The hon. member for Don Valley contended that the deficit projected in the budget "has little likelihood of moving the country forward in the way in which it ought to go." He was particularly skeptical of the budgetary forecast of an employment increase of 300,000 in 1973. The actual figure, as the House knows is 430,000.

**Mr. Diefenbaker:** You can squirm all you like, but you are in deep trouble.

**Mr. Sharp:** However, he went on to say that a Conservative government would have brought down a budget providing for a deficit on a national accounts basis somewhat over 2½ times as much as the deficit which the Minister of Finance suggested.

**Mr. Trudeau:** No wonder he did not think much of our budgetary deficit.

● (1550)

**Mr. Sharp:** This is the same member who just yesterday in the course of his remarks said:

I find it incredible that in Canada, in the year in which we have inflation rates at 10 per cent, the government has increased spending by the dimensions we have witnessed.

I come to the question that was raised earlier in the question period, to which the Minister of Finance replied and said I would discuss this increase in expenditures this year over last. The hon. member for Don Valley, like so many of his colleagues who are trying to misrepresent the situation, said this:

According to the budget this year, the government is to increase the tax take by 25 per cent.

Let us look at the expenditure figures and the taxes he is talking about. If we look at the content of the expenditures that have been put forward by the government this year, we find that a very high proportion of them are related to measures to combat inflation by offsetting increases in prices. A great deal more is involved in expenditures which do not come from the general taxpayer, having to do with the equalization of oil prices across this country. I have had some calculations made on this question. Let us look, for example, on the basis of national accounts, at how much increased expenditure is related to the oil export tax and related expenditures in eastern Canada to equalize the price. The total amount involved there is \$1,240 million. There are more expenditures that will be involved in equalization payments to the provinces arising out of the efforts of the government to equalize the cost of petroleum throughout this country and to keep down the price of oil in eastern Canada.

If you look at the other related expenditures dealing with inflation and the efforts of the government to combat inflation, and take such expenditures out of the totals—which any fair-minded critic of this government would do—the total increase in expenditures this year over last year is 10.9 per cent. It is not 26 per cent, but 10.9 per cent—just about in line with the increase in the gross national product of this country.

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

**Mr. Sharp:** May I return to the sudden switch in position of fiscal and monetary policies. The hon. member for