lished, with the result that the public has no option but to pay in one form or another an additional $400 million. It is an extraction from the citizens of Canada without their concurrence.

Also there is a Canadian ownership charge which is designed to permit the federal government to acquire control of one or more of the multinational oil companies in Canada. Although there is no reference in the budget to the rate of charge, from an examination of the budget papers, and on the basis of a calculation assuming that we are dealing only with light Canadian crude, the charge would amount to 12 cents per gallon. However, a great deal of the crude oil processed in Canada which would be subject to this charge is heavy foreign crude. If blended in the fashion recommended by the government, it would result in the imposition of a much higher per gallon charge for gasoline.

Also there is a special new natural gas tax at 30 cents per thousand cubic feet. In the short term, this year it will have the effect of extracting an additional $250 million from the public for the period ending March 31, 1981, and a total of $6.6 billion from the date the tax became effective until March 31, 1984.

What are the effects of all these taxes? The very reasons the minister gives for high rates of interest, he destroys with a budget which is designed to accomplish the very opposite.

● (0600)

We are told by the minister that the second main purpose for high rates is to insulate the declining Canadian dollar. The minister has referred to the performance of the rates in Canada as being likened to that of a roller-coaster. My preference, Mr. Speaker, is to suggest that they have, of late, performed much in the fashion of a skyrocket.

Who are the Canadians who will be affected by these high rates? All consumers who borrow for the purpose of making purchases of consumer goods or properties, all businesses in Canada, home owners who are renegotiating their mortgages, and government itself. What consequences flow from the imposition of these high interest rates? Clearly, in the case of the consumer and business, in the event that the decision is made, because the rates are so high that no purchase shall occur, the business community, whether it be a business community which supplies products which the consumer is buying or the business community which is producing the product which is being cut back, will retard its development and expansion. It will not require the number of employees it had in the past. The resultant effect on the entire community is one of increased misery.

Those among the public who are in the process of renegotiating their mortgages find themselves in an extremely difficult position. By way of illustration: in the event one were dealing with a $60,000 mortgage which had to be renewed with the increase at an average rate, over what might have applied before the renewal, of 6 per cent, the effect would be a requirement for an additional $300 a month in mortgage payments for interest alone. But the matter does not end there. That $300 a month, or $3,600 a year, is an after-tax amount. It would take someone in a 40 per cent bracket $6,000 of before-tax income to produce a sufficient amount with which to pay the $3,600 a year. But we cannot all find $500 a month by simply demanding it, by simply suggesting that since we require those funds they are automatically made available. The consequence for many, too many, is that this Christmas and immediately thereafter they will receive a message of cheer from the Prime Minister (Mr. Trudeau) which will read: "Merry Christmas. I am tendering you your writ of foreclosure."

These are matters with which the House should not deal lightly. They are serious. They affect the citizens of Canada who have helped to build this nation with their energy and determination. The human tragedy continues to grow the longer this high interest rate program, supported by the government, is permitted to continue.

The business community is already being assaulted by bankruptcy after bankruptcy, while others more fortunate in the community simply take the easy step of cutting back and laying off employees in the hopes of saving their business future. Of course, the result is the growth in unemployment and the human tragedy which flows therefrom. How will the government be affected? It will immediately be required to make higher unemployment insurance payments, which will result in a higher deficit. Today we are looking at a $14 billion deficit with a $10.4 billion charge for servicing the national debt.

As to the effect upon the government itself of promoting high interest rates, two things will happen. Either the payment of those high interest rates will, in turn, create a higher deficit, or higher taxes must be imposed. In the former case, the creation of a greater deficit has a depreciating effect upon the value of the Canadian dollar, one of the very things which the minister suggests he is trying to avoid. So by creating high rates he is affecting the value of the dollar in the very fashion which he professes he wishes to avoid. In the second case, there is a decline. High taxes result in a decline in business expansion and development. As taxes increase, business declines. It is a simple as that.

Were it not for the fact that we are faced with the real prospect of our southern neighbours enjoying a tax rate considerably less than what they now pay, the matter would not be as bad. But the president-elect of the United States, and those who supported him, have promised the American public a 10 per cent tax reduction for each year over a three-year term. If that happens then the effect on the Canadian business climate will be devastating. I have urged the Minister of Finance to seriously consider the consequences of what most assuredly will be a business-oriented budget in the United States; he has declined to do so.

What steps should the government take to reduce interest rates? Surely that should be the subject matter of this discussion this morning. I suggest they take such steps as will sever the link between interest rates and the value of the Canadian dollar by promoting the growth of the dollar in its own right.