

*The Budget—Hon. John C. Crosbie*

the total value of all the goods and services produced by our country. This is the highest deficit ratio among the major industrialized countries. As a country and as a government we must face the fact that we have to pay our bills and cannot continue by borrowing ever more at the expense of our future.

Because of these deficits our interest rates have increased excessively, private borrowers have been crowded out of the domestic market for funds and our Canadian dollar has depreciated. Our ability to undertake new initiatives to promote the development of the country would be all but eliminated if we were not acting to reduce these deficits.

Our recent experience proves again that simply printing money and increasing government expenditures and the deficit does not help. Such actions only make our difficulties worse. A disciplined and realistic fiscal and monetary framework is essential. It is evident that a system of incentives in both the private and public spheres is critical. Individual choice in response to positive incentives is much more effective than attempts by governments to persuade, dictate and direct. A major priority in this and our subsequent budgets will be to create a system of incentives that will encourage Canadians to work, to save, to invest, to take risks in Canada, to become more efficient in production and to conserve energy and other scarce resources.

## THE MAIN FEATURES OF THIS BUDGET

Tonight, I fulfil our election promise by providing detailed projections of our revenues, expenditures and deficits out to 1983-84. Hon. gentlemen opposite are shocked. They are not used to hearing the truth. I am also releasing a paper which sets out and describes the economic assumptions on which the fiscal projections are based.

[*Translation*]

Mr. Speaker, tonight I achieved what I most dearly wanted to accomplish. As promised, I reduced the budget deficit and the financial needs of the government dramatically. I am confident that this courageous action on the part of our government will give our economy, at long last, a new lease on life.

[*English*]

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

**Mr. Crosbie:** They are going to be crossing the floor before I finish, Mr. Speaker.

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

**Mr. Crosbie:** I will now set out the main elements of this budget.

The fundamental objective of our fiscal plan is to bring about a steady reduction in our deficits. Our cash requirements will be cut in half from almost \$10 billion this year to less than \$5 billion by 1983-84.

To achieve this objective, a tight ceiling is placed on our expenditures. We will limit growth to 10 per cent a year. This means little growth in expenditures after allowing for inflation.

[*Mr. Crosbie.*]

I now refer to a series of major new measures in the energy field to achieve our goal of self-sufficiency in oil by the 1990s.

Let me make the situation as clear as I can. The revenue and expenditure figures relating to 1980-81 and the following fiscal years are based on the assumption that we will conclude an agreement with the oil and gas producing provinces on our new energy policy and on oil and gas pricing. The agreement involves oil and natural gas price increases over the years 1980-84 so that prices rise at a measured pace toward 85 per cent—only 85 per cent—not the old 100 per cent of the previous regime—of the lesser of U.S. levels at Chicago or the international price.

The Government of Canada intends, in connection with any increase in oil and natural gas prices, to ensure that excess profits are not made by the industry as a result of accelerating prices but that the industry has an adequate rate of return and retains the necessary revenues for continuing exploration and development of new energy sources. We intend to ensure, through our new energy tax, that the Government of Canada obtains roughly half of the returns from oil and gas price increases that exceed \$2.00 per barrel and 30 cents per thousand cubic feet per year. On this basis the Government of Canada will have sufficient revenues from the increases in oil and gas prices to carry into effect energy programs, conservation programs and offset programs to assist the regions and people of Canada.

● (2020)

The exact form of our energy tax has not yet been fully worked out—

**An hon. Member:** Why?

**Mr. Chrétien:** After seven months? Why are you having a budget?

**Mr. Crosbie:** It has not yet been fully worked out. Because this is a process of consultation, not of running roughshod over the provinces as did the last government.

But it will be a tax sufficient to give the Government of Canada the revenues we have indicated we need from oil and gas price increases to carry out the programs we consider necessary. I have every confidence that the agreements now being reached will go forward and that a new energy tax will be in place before July, 1980.

Because of the absolute necessity of further encouraging our people to use fewer oil products, to conserve oil products now having to be imported in ever larger quantities and at ever greater prices as our own domestic supplies dwindle, and in order to raise badly needed revenues for the Government of Canada in a manner that also serves another vital national purpose, an excise tax of 25 cents a gallon is imposed on gasoline, diesel and other transportation fuels effective tonight.

**An hon. Member:** Deals all over the place.

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