

government has no control. Parliament has passed laws turning power away from parliament and the executive and placing it in the hands of independent boards and commissions which operate unchecked by effective control mechanisms.

Fixed expenditures of this type account for 80 per cent of the \$35 billion or \$45 billion which the government collects in taxes and general revenues. Until the government re-examines its expenditures, both the fixed type to which I have just referred and the kind which the hon. member for Cumberland-Colchester North is talking about, there is no chance of getting people to pull in their belts and live up to the level of restraint which is desired.

In the last two speeches I have made in this House I tried to put forward some constructive ideas about the best approach to these statutory programs, and to indicate directions in which the government could save millions of dollars. Mr. Speaker, I have not yet heard anyone on the government side make one response to those positive and constructive suggestions, though I felt them deserving of a great deal of attention since they would not only help the government save money but do the same for each of the provinces taking part in these statutory programs.

The number one problem responsible for inflation in the western countries is the fact that governments are taking for their own purposes such a large proportion of the wealth their nations produce. In Canada the figure is around 40 per cent. Out of every dollar produced approximately 40 cents is utilized by the government. Spokesmen for the administration say a great deal of this money is transferred back to people who need it. But no matter how you twist and turn, if you take a figure of that magnitude and translate in into transfer payments of any sort, the point is reached at which you push up the cost to the person who is working, and who has to provide for these transfer payments, to such an extent that an inflationary situation is created.

I would very much welcome an opportunity on a future occasion to speak about the possibilities which exist for governments of the future to utilize the tremendous savings propensity of the Canadian people in getting at inflation instead of seeing so much of our money going into transfer payments.

What do transfer payments mean, in simple terms? At the present time approximately four people are working and carrying one on their backs. Well, the minister could take this principle and arrange matters so that there is more money for everybody, provided the government is willing to adopt a more constructive approach. The way we are going now it will not be long before there are three people working and carrying one on their backs. There comes a time when the load is so heavy on those who are working that rebellion breaks out.

All of us want to do what we can to continue to provide necessary services such as hospitalisation, medicare, unemployment insurance, old age pension, accident insurance, and so on, because they are necessary part of an industrial economy. But if the load of transfer payments from the man who is working to the man who is not working becomes too heavy, the system collapses. That is why I plead with the government—please consider where you are taking us, because we want to save these programs. There

Anti-Inflation Act

is a way to save them. It is to have faith in the individual; if he is given a positive incentive to save he will do more to save money than any form of bureaucratic device.

I have put proposals forward twice in the last few months in the hope that the government will take notice of them before inflation grabs hold and makes this silly little bill to amend the Anti-Inflation Act meaningless.

I repeat, the first cause of inflation in all the western countries is the amount of money governments are taking out of national revenue for use as transfer payments which place too heavy a burden on those who are working. At present, as I say, the ratio is four to one. Soon it will be three to one. Ultimately those who remain at work will decide to carry the load no longer and then we shall lose the thing that everybody wants, these universal plans and so on.

A second major cause of world inflation is high interest rates. Everyone touches on this question of interest rates and then shies away from it. The hon. member for Waterloo-Cambridge touched on it—he is smart enough to know that high interest rates are a cause of inflation—but he said, finally, that governments could do nothing about it. On that point I disagree with him.

I have tried to put the matter in simple terms. If a person buys a home in one of our major cities at a cost of \$50,000, a sum which nowadays would pay for a modest worker's home, taking out a mortgage for 30 years, the eventual cost of that \$50,000 home will be \$200,000. Interest payments account for \$150,000. That is inflation, Mr. Speaker. That breaks the backs of a young couple who must work their way through that debt until they become old people.

The answer, Mr. Speaker, is not to pour out hundreds of millions of dollars in subsidies to help pay this interest, but to attack the root of the problem. The nation could stand it when the interest rate was 4½ per cent, but an interest rate of 12 per cent is not only killing the young couple trying to build a home, it is killing the whole nation because so much money is being taken to pay for something which is not productive in itself. The same applies to big business. I use the example of the oil sands.

If you get into an oil sands development calling for a \$2 billion plant, the cost of oil per barrel, taking interest rates on capital into account, works out at \$11. That is cost. Yet if you allow that oil company, in co-operation with the owners of the oil, the people, to pay off that debt quickly, you bring the cost down to \$3 a barrel in four years. Then the oil company will be able not only to compete with any other country in the world in the production of that oil, but the owners of the oil, the people, would have a tremendous amount of money to divide, the bulk of which could go to the owners of the resource, the people, and for a very small amount the companies could be satisfied that they have a fair return for their money.

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As I have mentioned in previous speeches, this could be done on a contractual basis, and there are precedents for it. I have referred to the British system. The British government is a so-called socialist government. They would not have got their North Sea oil developed in any other way. In the case of the Chevron company, which is a subsidiary of Exxon, that company was not going to go into risk develop-