

The Budget—Mr. Larrivée

election campaign, and every time he spoke he was absolutely right. Does my Hon. colleague opposite me think he may be right again this time?

Mr. Larrivée: Mr. Speaker, first I want to say to my colleague that Québec Premier Bourassa agreed with us during the election campaign because what we advocated at the time was going to benefit all Canadians, and Quebecers in particular.

I would suggest that any provincial Premier who feels that an additional tax might strike his province can be expected to react strongly. We did not expect Premier Bourassa to get in touch with us to express his thanks.

However, the way I interpret the remarks of Mr. Bourassa does not lead me to conclude that he is categorically opposed to the federal tax advocated by the Minister of Finance. I think he was somewhat more flexible and that he thought the discussions with the federal Government should continue.

I made a comment along that line and I believe one thing for sure is that I agree with my colleague: Mr. Bourassa did not applaud and was not overwhelmed when he heard about the new measure the federal Government intends to implement.

[*English*]

Mr. Comuzzi: Mr. Speaker, I join with my colleague in congratulating the Hon. Member for Joliette (Mr. Larrivée) on his first speech in the House. However, I have a question with respect to the earlier part of his address. He stated that the deficit is rising by \$80 million each day, that 35 cents out of every dollar collected must go to pay the interests costs, that we, and I assume the "we" he refers to is the Government, cannot carry on this way to deal with the deficit, and as a result of the deficit the debt. I agree. We on this side of the House cannot carry on this way nor can Canadians carry on with that type of Budget.

The Hon. Member went on to explain in capsule form all the remedies the Minister of Finance (Mr. Wilson) brought forward in his Budget with all the tax increases and cuts. However, there is still a greater deficit today than there was last year, a deficit projected at \$30.5 billion. We cannot carry on this way. How does the Hon. Member anticipate coming up with a debt of \$30.5 billion while still reducing the deficit? There is something here that I do not understand. We cannot keep raising the deficit while dealing with the debt. Perhaps the Hon. Member could comment on that.

[*Translation*]

Mr. Larrivée: Mr. Speaker, I have some difficulty understanding the Hon. Member's question. It is easy to understand that when we have the kind of debt load we now have, we must both reduce our expenditures and get extra taxes. Nothing could be simpler.

There is one very important fact, which I think has been repeated a number of times in this House and the Hon. Member from the Socialist Party who left earlier made no reference to it. We not only have a debt problem but an inflation one as well. We have to act on two levels. Certainly if we had no inflation problem interest rates would not have gone up as high as they did, and the deficit would have been as forecasted by the Minister of Finance, around \$25 billion. Unfortunately, because of inflation, higher interest rates have led to an extra \$6 billion in interests costs.

Since we have to deal on both planes, surely, with the proposals put forward by the Minister of Finance, this might slow down the economy to some extent. By slowing down the economy somewhat, inflation will come down, which in turn will lead to lower interest rates. This is the strategy, the plan followed by the Minister of Finance to reduce the interest load on the national debt.

[*English*]

Mr. Althouse: Mr. Speaker, perhaps the Hon. Member could expand a bit on his statement that the problem is not necessarily the debt but is inflation and that this is the reason the Government is running up such big deficits. If the Government is serious about the problem of inflation, why did it not choose to return to a system of taxation in which the corporate sector is taxed at approximately the same rate as the private sector? That situation obtained in the 1950s when about 75 per cent of Government revenues were taken from income taxes on corporations and private citizens and the tax load was balanced approximately 50:50. Since that time, we have moved far from that situation. Had that situation persisted, instead of having a deficit this year of \$30.5 billion, according to the Budget, we would instead have a surplus of \$18.5 billion.

It seems to me that when corporations are given more of a free ride on the tax side, they have used their extra money to create the inflation that the Hon. Member says the Government is trying to fight. How else can we analyse a situation in which one corporation with too much money, because we have not taxed it, decides to