

Announcement of New Tax Increases

this oath states. The point is that the hon. member for Red Deer stated that another hon. member had violated his oath, whatever that oath may be. I suggest to the hon. member for Red Deer and all hon. members that this cannot be done without following the proper procedures. It is as simple as this. The hon. member for Red Deer knows what procedure he has to follow if he wants to pursue the matter.

Mr. Thompson: I said earlier, Mr. Speaker, that I did not intend to raise this matter as a question of privilege or make a motion because I do not believe that is the responsibility of a member of the house. But I do believe that the honour of every member who has taken the oath of allegiance and assumed his seat in the house—

Mr. Speaker: Order, please. I gave the hon. member for Red Deer an opportunity to make comments to the house before I gave my ruling. I suggest to him that it is not proper and that it is not in accordance with the practice of the house for an hon. member to rise after a ruling has been given and comment on the ruling. I respectfully suggest to the hon. member that the procedure is very simple. I have ruled that the words used should not have been used in that form, and I am sure the hon. member will agree that the expression should be withdrawn.

Mr. Thompson: I think I did withdraw the statement, Mr. Speaker, if in your opinion the question I asked yesterday constituted a charge. On the basis of Your Honour's ruling I have no alternative but to withdraw it, but I must protest and say that I was only asking a question on a matter that I believed concerned every hon. member.

FINANCE, TRADE AND ECONOMIC AFFAIRS

FIFTH REPORT OF STANDING COMMITTEE

Mr. H. E. Gray (Essex West): Mr. Speaker, I have the honour to present the fifth report of the standing committee on finance, trade and economic affairs, returning to the house Bill No. S-11, respecting Principal Life Insurance Company of Canada—

[Translation]

—As usual, the motion is written in French and in English.

[Mr. Speaker.]

[English]

FINANCE

ANNOUNCEMENT OF NEW FISCAL MEASURES AND TAX INCREASES

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I should like to make a brief statement concerning the fiscal position of the government which I will be discussing with the finance ministers of the provinces next week. The government has decided to introduce new fiscal measures, including temporary tax increases, later this month. The government proposes that the arrangements for introducing and debating these be the subject of consultation through the usual channels.

These tax measures will be part of an integrated program to check the inflation of prices and costs now occurring in Canada and reduce excessive pressures on our capital markets. Higher taxes in the coming year will be a better and fairer means of covering our expenditures than attempting to increase our borrowing to levels that could only be reached by inflationary methods that would increase prices further.

Prices and costs are rising at rates which clearly require some restraint through fiscal policy as well as by other means. When our proposed tax increases are combined with restrictions on government spending programs and substantial reductions in our lending programs, the government will be able to hold its over-all net cash requirements and its consequent demands on the capital market to less than \$750 million in the next fiscal year apart from unforeseen changes in our exchange reserves.

This is less than half our cash requirements this year. The government has also decided that budgetary expenditures next year, apart from medicare and apart from the writing off in our accounts of Expo deficits, will be held to \$10,300 million. This means that we will limit the increase in expenditures to about 4.5 per cent between this year and next, a rate of increase less than half those in recent years.

To the extent that medicare proceeds next year we will, as already indicated, introduce further taxes to meet the cost or make offsetting reductions in existing expenditure programs. We will not increase our borrowings to finance it.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, the minister's carefully worded statement gives emphasis to the serious position in which the country finds itself at this