

to \$16 billion by 1983. Yet, in spite of this, a few months later in January of this year, while speaking as leader of the opposition, the Prime Minister told CBC News Magazine, in a famous interview—although I suppose it is one the Prime Minister would like to forget—“that to reduce current and future deficits the government must spend more money now to stimulate the economy”. A few weeks later he told a reporter that this stimulative deficit would last as long as three years. The Prime Minister and the Conservatives obviously have done yet another flip-flop. The Minister of Finance said just before the budget, as hon. members will recall, that the only stimulative deficit that he would agree to was a smaller deficit.

In order to work out their doctrinaire Conservative fixation with the government's deficit, the Minister of Finance and the Conservatives are willing to force the Canadian economy to come to a halt. They are willing to see tens of thousands of Canadians out of work. They are willing and anxious to impose on Canadians, in addition to the burden of record high interest rates they have placed on them since June 4, the burdens of double-digit inflation and higher taxation. Surely the health of the Canadian economy cannot be looked at primarily in terms of the government's deficit. What is also important, surely, are measures of performance such as the growth of employment, the growth of the economy, and the level of the cost of living. This is not what the Conservatives are doing in last night's budget. These measures are being given second place to a concept which was discredited or, at least, greatly called into question as a result of the bitter experience of the Conservative government of R. B. Bennett in the 1930s.

The budget speech contains the admission that both the government's deficit and the cumulative national debt must be looked at and measured, not in absolute terms, not simply in terms of how many billions of dollars they are, but in terms of what they represent as a percentage of gross national product. Our national debt at this time is in fact a lower percentage of our gross national product than it was during the years of the last Conservative government in the 1960s.

Even the government's own projections accompanying the budget show the results of the higher taxes it proposes for middle and lower-income Canadians will have limited effect on the size of the government's budgetary deficit, the difference between its expenditures and its revenues, a reduction from some \$11 billion to some \$9 billion by 1984. I want to say in passing that it is significant—perhaps I should say I hope it is not too significant—that all these Conservative projections end in the ominous year, 1984. I hope that concepts associated with 1984 will not arise out of the mis-government and the non-government of the Conservatives as seen in the budget presented last night.

The further reduction in cash requirements which the government projects in addition to the reduction in its budgetary deficit will come through what the budget papers make clear are non-budgetary manipulations of government loans and investments and its employee pension funds. Yet the government wants Canadians to pay a terrible price for all of this in terms of higher taxes, fewer jobs, less economic growth and

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more inflation. Prior to the election, the Conservatives said they would reduce the government's deficit not by raising taxes but by cutting expenditures. They are allowing expenditures to rise by 10 per cent, an amount higher than the Liberals' intended target. As I recall, their target was some 8 per cent.

The Conservatives are promising to cut expenditures. They criticized the Liberals for allowing expenditures to rise too much and too fast, but they are admitting they are going to spend more.

An hon. Member: Another flip-flop.

Mr. Gray: Another flip-flop. Instead of cutting expenditures as they had promised, they are working out their bizarre fixation with the deficit through raising taxes even though they had promised to do the opposite. They promised to cut taxes for individual Canadians by \$2.5 billion in the first budget. The budget is in deficit in terms of its favourable impact on Canadians. It is a big zero. Here is their first budget. We heard it last night. We see they are raising taxes for individual Canadians in an unfair and regressive way.

● (1600)

The burden of the increase in excise taxes on gasoline falls most heavily on low and middle-income Canadians. It has nothing to do with anyone's ability to pay. These taxes fall on the Water Street merchant in St. John's Newfoundland, and on the factory worker in Windsor or Hamilton.

Obviously the burden on these two categories is certainly not the same in terms of ability to pay. This tax takes no account of the fact that many people have to drive to work or have to drive as part of their work since there is no practical alternative public transportation.

Some hon. Members: Hear, hear!

Mr. Gray: If the government wants to encourage use of public transport then the budget it presented last night shows a strange way of doing this since it now imposes the excise tax on gasoline used by public transportation companies. The higher price the government wants people to pay for gasoline, in addition to the excise tax and the higher price the government wants the Canadian people to pay for home heating oil, are the equivalent of a new tax. Yes, a new tax! It takes money out of their pockets just as much as would have been the case for a new tax announced in this budget last night, and we had enough new taxes in it as it was.

The government says it is imposing these higher prices to encourage conservation. It says it is imposing these higher excise taxes to encourage conservation. However, for millions of Canadians this is something they will react to with nothing more than bitter laughter. The Canadian climate means they have to use a certain amount of fuel oil to heat their homes adequately no matter what. The distances in our country and the lack of public transport mean they have no alternative to driving to work as much as they do now.