

Excise Tax Act

Recently the figures for the period ending on July 31, the first four months of this fiscal year, were released by the Minister of Finance (Mr. Wilson). Those figures were disastrous. I remind you that the deficit at the end of July of last year was \$11.3 billion. The deficit for the end of July of this year is \$11.5 billion. In other words, despite what we have done, the deficit has crept up by \$200 million.

● (1130)

Our expenditures are up. Our revenues are up. However, so is the deficit. For every \$100 the Government spends, it is only able to collect in taxes \$63. That means that it has to find \$37 either by borrowing it or by taking it out of other funds such as pension accounts and the like. In other words, we have to beg, borrow or steal \$37 for every \$100 spent.

When Members of Parliament and Ministers ask for spending increases, for new programs and for better programs, they must remember that only 63 cents of every \$1 comes from the taxpayer and that 37 per cent of that is a burden on our children and our children's children. It goes on and on sapping away at the life-blood of our economy and the future of our nation.

Dramatic efforts have been made by the Government this year to cut back on expenditures. In the figures ending in July, many Departments have shown that they are spending considerably less than they had spent in previous years. Expenditures in the Department of Agriculture, for example, are down \$8 million or \$9 million despite the fact that there has been a drought, despite the fact that there have been problems in the agricultural community and despite the fact that we still have an inflation rate of 4 per cent. The same can be said of one Department after another. Indeed, the only Departments of Government that show any increase are those Departments which make specific transfers like transfers on pensions, transfers on EPF and transfers to the provinces. These are transfers that have to be made because they have defined programs of payments. Of course, the costs of two other items have risen. The cost of national defence has gone up as we try to do those things that were left undone through so many years of mismanagement. As well, the thing that has really risen is interest. The cost of carrying the national debt in this four-month period was \$8,275,000,000. Last year we spent \$6,954,000,000 in four months to carry the national debt. The cost of carrying the debt went up by \$1.3 billion.

I have already mentioned that this Bill will raise \$1.6 billion. However, the interest cost alone charged to the Government in a four-month period would take care of nearly all the revenue this Bill will raise. Opposition Members must tell us where we will get the money to pay the bills if we do not get it from the taxpayers.

Departmental Estimates have been cut way back. For example, the Estimates of the Department of Transport have been cut back by \$250 million in this four-month period alone. Where do we get the money we need if we do not take it in taxes? How do we come to grips with an over-burdening debt if we do not raise taxes? It is totally unrealistic for opposition

Members to oppose this Bill in any way because this Bill is an attempt to come to grips with the inherent problems with which the Government was left after so many years of profligate management.

As I said, the taxes we receive account for only 63 cents out of every \$1 spent, and the other 37 cents have to be taken from the economy by borrowing. This borrowing burden presses up interest rates, cuts back on other expenditures that could be made and is the problem which seriously impairs our ability to come to grips with reducing the deficit and eventually getting the country on a sound footing.

It should be pointed out in this debate that the Government has been eminently successful over the past year in reducing interest rates. Interest rates are now lower than they have been for some seven and a half years. The interest factor is such that we were able on Thursday of last week to put 90-day T-bills at an interest rate of 8.51 per cent. We hope to be successful in borrowing on Canada Savings Bonds this year at 8.5 per cent. By the way, that is a pretty good rate of return for those who invest in Canada Savings Bonds because I do not know where else one would be able to get a bond or certificate cashable at any time that would yield 8.5 per cent.

Interest rates are being pressed down and they are being pressed down because we are coming to grips with the problems of the country and because we appear to the community to be responsible. Interest rates are being pressed down because the community realizes that we all have to face the music and pay the additional levy that we must impose upon ourselves in order to come to grips with our debt problems.

If we refuse to pass this Bill, if we refuse to pay attention to the cost of carrying the debt and if we refuse to pay some attention to the realities of our budgetary process, our interest rates will go up to the moon because no one will trust our currency any more than the currencies of Mexico, Argentina and Brazil are trusted. If we were to carry on the policies advocated by members of the Liberal and New Democratic Parties, that is exactly what would happen to our economy. We were in serious danger of having that happen to the economy throughout the years the former Government was in power. Interest rates have dropped at least 3 per cent since the previous Government was defeated.

Most importantly, Sir, I would like to speak today about how we may come to grips with these problems. Members of Parliament are elected to do things for their constituents who expect them to represent their interests in the House of Commons and before Ministers of the Crown. If there are programs that could be made available to assist Members' constituents, the Members want to make sure that those programs are put in place. However, Members of Parliament have an overriding responsibility and that is the responsibility of being legislators for the entire of Canada and of guiding the future of Canada not only for the short-term benefit of their constituents but for the long-term benefit of all of Canada.

I spoke of the need for some parliamentary review of the ways and means by which taxes are raised and expended. At the present time, the Government produces a "blue book"