

The Budget—Mr. Crosbie

Where is the energy tax credit to prevent that from occurring, if it was to happen? If it was to happen last year it will happen this year. The standard of living of Canadians has been lowered and the government is doing nothing to help. We did something to help. But here is the final lugubrious statement of the Minister of Industry, Trade and Commerce when he was finance critic as reported in *Hansard* at page 2292:

Essentially this budget hits the little guy in this country.

The hon. member was discussing my budget and let us not get mixed up. He went on to say:

If the little guy decides to have a smoke or a drink to find some solace from the impact of this Conservative budget, he will still be reminded of its unfair impact.

And what did the Minister of Finance do on April 21? He increased the taxes on cigarettes and liquor despite what the finance critic had to say, and people cannot find any solace today from the impact of his budget because of those increases. Today the Minister of Finance relents a little in favour of the fortified wines, but I can tell him that I beat him to it. I promised the people of the Niagara Peninsula, months ago, that I would look after their fortified wines. I am glad the minister has carried out my promise.

I do not want to take too long, but what can we do? I will leave the rest of this material for other hon. members. The \$40 billion bump will not work. In four years' time Canadians will look back and they will see what actually happened and what would have happened under the Clark-Crosbie program for the future. They will erect statues throughout Canada to Clark and Crosbie.

Mr. Clark: Hear, hear!

Mr. Crosbie: I hope at least one statue anyway.

Mr. Clark: Cheek to cheek.

Mr. Crosbie: The people will find out that the increases under the minister's regime are considerably higher than our proposed increases. I do not want to touch on this subject too much, but the budget deficit is a matter of no account to the NDP because they do not care about deficits. They have never had anything but deficits in their lives and they do not care if the country is deficit-ridden. The deficit matters because the ever-increasing deficit makes it pretty well impossible to overcome inflation.

If hon. members do not believe me, then I suggest they ask governor Bouey. My authority is governor Bouey and hundreds of other economists. The Minister of Finance is now heart-to-heart, step-to-step and toe-to-toe—and I will not say anything else that he is—with the governor of the Bank of Canada. If he listens to the governor, he will understand why his burgeoning deficit is inflationary. The deficit has gone up to over \$14 billion. It is up \$3.6 billion from what it would have been under our government. Perhaps our deficit might have gone up—I will concede that—by a few hundred million dollars because the economic turndown is more extensive than we had prophesied. So our deficit might have been up a little bit. It

could have been that my confrère at the desk here could not have held down expenditures because we would have lost some revenues. It might have been up, but it would not have been up by \$3.6 billion.

● (1620)

What difference does it make? The money has to be borrowed. The government gets some of it from government civil servants who pay into pensions. The government uses that money—borrows it. If I were a government civil servant I would be concerned about the money I am paying into these pension funds because the value of money is steadily declining. Anyway, the government gets its hands on this. In addition to the couple of billion dollars it will be able to use this year from those sources, the government has to go to our financial markets to borrow money—in excess of \$12 billion this year, and a huge figure next year and the year after. This means they are going out to compete with the private sector and everyone else who wants to borrow.

Unless the governor of the Bank of Canada increases the money supply, interest rates will go up, because the demand is going to be greater than the supply. Interest rates will have a tendency to go up unless the governor of the Bank of Canada prints more money. The governor of the Bank of Canada says it is wrong to print more money. He says we have to keep the increase in the money supply down to correspond better with the increase in what we produced. But we are not producing more, Mr. Speaker; instead, we have a one per cent decline in GNP this year.

In any event, the governor of the Bank of Canada is going to have to say, "No, I cannot increase the money supply just because you will not listen to me. Just because you will not help me with your fiscal policies to fight inflation, I am not going to increase the money supply. There is no real value in my increasing the money supply." He is going to say, "We did that years earlier, in the first half of the 1970s, and we have changed our policy. We are not going to do it again." That is what he will say and I hope he will stick to it.

This means that interest rates will have to go up, Mr. Speaker, because the government is out there borrowing and taking the room of the private sector. That is why the deficit is inflationary. Why is it inflationary? It is inflationary because it discourages the private sector from investing and building and expanding. Why should they do these things when they have a government that is intervening in all their actions, a government that does not care about whether they make any kind of profit or not, a government that is going to sic FIRA on them and extend this great bureaucracy of FIRA so that it can come into their business if they are foreign-owned or have any element of that at all and peer over their shoulders and tell them what to do. That is why we have to be concerned about the deficit.

Why else do we have to be concerned about the deficit, Mr. Speaker? Because this year \$10,250 million is to be spent on interest payments. I am now addressing the taxpayers of Canada, from St. John's, Newfoundland, to Victoria, British