

idea". Maybe there is some argument for using the GST. If one reduced one's expenditure by an equivalent amount one would be making a real impact. But this is not so. It is merely as if another bank account was opened, a second bank account over here, a third, fourth, fifth bank account. It is all the same. There are no changes being made. This is a flimflam.

Who has pursued a high interest policy in this country? Will the blame be put on Mr. Crow of the Bank of Canada: "Oh, it has nothing to do with us. We are just the government. It is Mr. Crow who chooses to pursue a high interest rate policy. He says that is the only way I can deal with inflation".

"I am the Governor of the Bank of Canada and the only way I can deal with inflation is to drive up interest rates". Do you know why he says that? This government has failed in its fiscal policies. He has pursued, and the government accepts this, a monetary answer to what is essentially a fiscal question. He pursues high interest rates in answer to what he perceives as an inflationary threat.

But the real way to deal with inflation in Canada is through fiscal policy, not monetary policy, and this government has consistently failed to do so. Do not talk to us about why interest rates are high. It is the government that has pursued high interest rate policies. It is not the Governor of the Bank of Canada. Do not blame him. There are procedures in place for the government to control and direct the Governor of the Bank of Canada. The government has endorsed and approved the high interest policy. Why has it done that? What have high interest rate policies achieved?

**Mr. Ronald J. Duhamel (St. Boniface):** Mr. Speaker, I would like to make a very brief comment and ask a question.

We have been talking a great deal about inflation. About a month ago I read an article which suggested that the major contributors to inflation were the 34 tax increases, including the goods and services tax, and I want to know whether he is in agreement or disagreement. I shall not be offended if he has a different opinion, but certainly that was the point.

The point was that the government's 30-plus tax increases were the major contributor to the high inflation rate.

### *Government Orders*

The second point is that it seems to me when we talk about deficit and debt we really need to look at it in terms of the revenues that we have. If my memory serves me correctly—and I would be willing to bet that it does—the revenues for the government when it came into power were slightly about \$70 billion. They will be approaching close to \$130 billion this year, roughly twice as much. I have no problem in taking on a debt of \$1 million if my salary is \$2 million, but I have a real problem if I am earning \$10,000 a year.

I wonder if my hon. colleague could perhaps make some comments with respect to inflation and the almost double revenues and what impact it has on deficit and debt.

**Mr. MacLaren:** Mr. Speaker, I was quite enjoying my previous discussion and I would really like to pursue that. My hon. friend from St. Boniface, in his own excellent statement a few minutes ago, did draw attention to the inflationary effects of tax increases, and of course he is quite right. This government claims to have achieved so much. It never makes the one claim in which it would have some justification and that is tax increases. It has a history of tax increases that is unparalleled in this country. It has introduced taxes at every level and in just about every way that human imagination can devise.

One member has asked me what I think of consumption taxes. I would have the federal government out of consumption taxes. They are inflationary. There is no question of the inflationary impact of the GST. Look at your own numbers. Look at the numbers of the Department of Finance. Of course, we are told the impact is temporary. But tax increases with an inflationary impact have an unfortunate way of being a permanent feature of the economy.

The inflationary impact which my hon. friend raised is pervasive. It flows through the whole economy and it continues. The burden that the government has placed on the Canadian people is not merely in direct taxation or indirect taxation terms, that is, taking away more of their earned income, but it is also in its inflationary impact. Taxes drive up the cost of goods and services. That is inflation. The result of it is that the Governor of the Bank of Canada employs interest rates as a method of trying to counter what he sees as inflationary pressures caused by the government's own inflationary policies of higher taxation. It is a vicious circle and the govern-