or third, mandatory controls. If one were to believe the words of the minister it would appear that he, as of today, has no supply program under way. In short he has no program to curb inflation, in spite of the fact that inflation may well be the permanent enemy with which we have to live in this country.

On that point I have no doubt that the minister followed the submission of the Canadian Chamber of Commerce very closely. I refer to the Canadian Chamber of Commerce pre-budget submission of May, 1975, because many of the recommendations of the chamber are met by the minister. I wonder if the minister noted that on page five of that brief it is pointed out that the Chamber of Commerce estimates that the deficit will be about $3.7 billion. In short, that is about $700 million higher than the deficit contemplated by the minister in November. I would remind hon. members that the deficit the minister put before us as on Monday night is $5.3 billion.

I will read into the record a portion of the pre-budget submission of the Canadian Chamber of Commerce:

> From a monetary control point of view, if the federal government increases its overall cash requirement beyond the $3.7 billion presently projected for 1975-76, the following consequences should be noted:
>
> (a) Privately held Canadian dollar deposits would increase more sharply than our projection of 17.3 per cent.
>
> (b) Money supply would also increase over our present forecast of 13.9 percent as a large part of the additional financing would be done by treasury bills. This would be highly inflationary.
>
> (c) Instead of having a relatively small CSB campaign, the federal government may once again have to issue large amounts of debt in that form, if undue pressure on financial markets is to be avoided. This might be unfortunate in the longer term.
>
> In sum, the implications are for higher interest rates, higher growth in the monetary aggregates and more inflation.

Surely it will be an unfortunate consequence of this budget if in fact we find that it contributes to inflation.

Let me now come to some specific proposals which we in the official opposition wish to put forward. First, we believe that government spending can be curtailed in a more significant way than the minister has indicated.

Some hon. Members: Hear, hear!

Mr. Stevens: Based on those spending savings we believe that there are some policies which can be instituted, there can be some tax cuts, and to that end we intend to press the minister during this debate. First, we want the $350 million tax levy, the ten cents per gallon tax levy, eliminated.

Some hon. Members: Hear, hear!

Mr. Stevens: It is indefensible to ask motorists across this country to pay for the subsidization of energy products in Quebec and the Atlantic provinces. While we—

Some hon. Members: Hear, hear!

Mr. Stevens: While we in our party have always supported the principle of a single price for oil for all Canadians, any subsidization of such a policy must be a general charge against the national treasury and not against the motorist.

[Mr. Stevens.]

Some hon. Members: Hear, hear!

● (1610)

Mr. Stevens: Such a tax, falling as it does mainly on the working public, is intolerable, and we intend to resist it with all the power we can.

Mr. Speaker, instead of sleight of hand national spending cuts that the minister has proposed we believe that there are sufficient spending cuts that can be made that would allow a policy to ensure 250,000 housing starts a year during the period immediately ahead. The minister's provision for the housing industry is totally inadequate, and we propose to modify existing programs which are already proven to be a failure. We believe that in announcing $200 million for the current housing budget and projecting only $125 million for the current fiscal year the minister has been totally inadequate. If there is any sector of our economy that requires a significant stimulus it is the housing residential construction industry.

A more adequate supply of housing would in itself be deflationary and would give employment to the tens of thousands of people who are or will be out of work. To this end we are going to press that interest rates in excess of 8 per cent be deductible from personal income before taxes, up to a maximum of $1,000 per householder.

We also believe that the government should institute immediately a mortgage subsidization program for new housing starts to ensure that new homes and apartments may be built with mortgage funds at 8 per cent interest or less if rates fall.

In short, we are stating that if it is national government policy to have 11 per cent or 12 per cent interest rate structures for mortgages in this country, it is unfair to expect a home owner to bear the brunt of that type of charge. That is why we believe that there should be a subsidization program to ensure that the interest payable to private concerns in excess of 8 per cent be subsidized by the federal treasury. We believe that this would bring tens of thousands of would-be home owners into the market with a sufficient income in relation to the amortization required to purchase the homes that they cannot afford to purchase today.

In addition to ensuring that would-be buyers have incomes sufficient to buy their homes, we believe the flow of mortgage funds has to be encouraged. We intend to press the government to provide special investment tax credits for funds going into certificates issued by institutions guaranteeing that any money so raised would be used for mortgage financing. These tax credits would give the person buying the certificate a tax advantage with respect to income tax. We believe that this would ensure that hundreds of millions of dollars that are not going into mortgage investment would in future go into that investment.

We also believe that the government should divert—and a very handy place to start is with the $1.5 billion commitment to Petro-Can—$500 million over the next three years into a special municipal services development fund. In that respect, working in co-operation with the provinces, we believe that the $500 million would be used by the municipalities to service large amounts of raw land for house development. It would assist those municipalities in